eAccess Ltd.

SECURITIES REPORT
AS OF AND FOR THE YEAR ENDED MARCH 31, 2012

INDEX TO SECURITIES REPORT AS OF AND FOR THE YEAR ENDED MARCH 31, 2012

This document contains our projections and other “forward-looking statements” that reflect eAccess’ current expectations and projections, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments, and anticipated regulatory changes in the markets in which we operate or intend to operate. These forward-looking statements involve risks and uncertainties and are not guarantees of future performance. They are based on numerous assumptions and our actual results of operations, including our financial condition and liquidity and the development of the industries in which we operate, may materially differ from these forward-looking statements. These forward-looking statements speak only as of the date hereof and we undertake no obligation to update or revise any forward-looking statements.

Solely for your convenience, this document contains translations of certain Japanese yen amounts into U.S. dollar amounts. Unless indicated otherwise, the Japanese yen amounts in this document were converted into U.S. dollars at the exchange rate of $1.00 = ¥82.41, the exchange rate in effect as of March 31, 2012, as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States. The translations into U.S. dollars set forth herein are for convenience only and are not audited. No representation is made that the Japanese yen amounts have been, could have been or could be converted into U.S. dollars at such rates or any other rate.

I. Status of Operations

1 Summary of Operating Results

(1) Operating Results

On March 31, 2011, eAccess Ltd. ("the Company") absorbed its consolidated subsidiary, EMOBILE Ltd. (EMOBILE), through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. As figures in the current year are not consistent with those in the previous year, comparisons with the previous fiscal year are not presented for segment profits and losses. In addition, comparisons with the previous fiscal year for profits and losses in financial statements are not presented as figures in the current year are not consistent with those in the previous year because it is a period immediately after the merger with EMOBILE.

The Mobile Business, which provides mobile broadband communication services under the EMOBILE brand, deployed marketing initiatives that concentrated on the mobile Wi-Fi router "Pocket WiFi," demand for which is expanding with the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices, as well as smartphones with tethering capabilities. As a result of these initiatives, the number of subscribers grew and revenue expanded. In accordance with the steady growth in number of subscribers in the Mobile Business, the Company's revenue was ¥204,743 million. With respect to profits, operating profit was ¥24,441 million despite increases in advertising expenses and promotion expenses in the Mobile Business. Recurring profit was ¥12,184 million due to the recording of expenses such as ¥10,349 million in interest expense and bond interest expense as non-operating expenses. Furthermore, the Company posted minus ¥3,206 million in income tax expense–deferred as an assessment of the realizability of deferred tax assets resulted in an increase in deferred tax assets, despite the reversal of a portion of deferred tax assets in accordance with the FY2011 tax reform. As a result, net income for the fiscal year ended March 31, 2012 came to ¥15,156 million.

Operating results by segment are as follows.

On March 31, 2011, the Company implemented an absorption-type merger with EMOBILE where the Company became the surviving company. To optimize the business management system, the Company realigned its previous Mobile Business, Network Business, and Device Business and newly segmented them into mobile business and fixed broadband business. Accordingly, the "Mobile Business" and "Fixed Broadband Business" are the reportable segments of the Company from the fiscal year which began on April 1, 2011.

A. Mobile Business

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Increase/decrease	%
Revenue	–	160,069	–	–
Segment profit (Operating profit)	–	9,637	–	–

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Increase/decrease	%
Net increase in subscribers (thousands)	766.1	899.2	133.1	17.4
Accumulated total subscribers (thousands)	3,117.9	4,017.2	899.2	28.8
ARPU (yen/month)	3,160	2,740	(420)	(13.3)
Monthly churn rate (%)	1.38	1.50	0.12	–

* ARPU: Average Revenue Per User (amounts less than ¥10 are rounded off)

The Mobile Business grew its number of subscribers, particularly for the mobile Wi-Fi router “Pocket WiFi,” thanks to the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices. While also marketing the GP02 Pocket WiFi, which delivers a maximum downlink speed of 42 megabits per second (Mbps), with a focus on its high communication speed and its reasonable charges, the Company released advanced smartphones such as the Sony Ericsson mini. The GP02 Pocket WiFi was released on July 28, 2011. On March 15, 2012, the Company launched “EMOBILE LTE,” a next-generation mobile communications service using LTE with a maximum download speed of 75 Mbps. In addition, the Company worked on developing advertising actively including TV commercials so as to enhance recognition of the EMOBILE brand and enhancing the store network to reinforce its own distribution channel. The Company thus had accumulated total number of subscribers of 4,017 thousand as of March 31, 2012, up 899 thousand, or 28.8%, from March 31, 2011.
As a result of steady growth in the number of subscribers, revenue was ¥160,069 million and segment profit (Operating profit) was ¥9,637 million for the fiscal year.
As of March 31, 2012, nationwide service coverage in population terms was 92.6%.

Number of Subscribers

EMOBILE added a net 899 thousand subscribers during the fiscal year. The net figure shows the difference between the number of new subscribers and cancellations. This increase was due to the growth in the number of subscribers resulting from strengthening marketing initiatives mainly in 42 Mbps-capable Pocket WiFi services launched in July 2011 through wholesale channels for mobile broadband lines and mass retailers.

ARPU (Average Revenue Per User)

Average revenue per user declined ¥420 from ¥3,160 in the previous fiscal year, to ¥2,740. The main factor in this decline was a higher rate of sales through wholesale channels for mobile broadband lines with reduced monthly charges.

Churn Rates

The annual churn rate rose 0.12 percentage points, to 1.50%. This was mainly the result of cancellations by major corporate customers and customers through wholesale channels for mobile broadband lines in addition to contract cancellations among some customers upon completing two-year, long-term contract discounts.

B. Fixed Broadband Business

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Increase/decrease	%
Revenue	–	44,674	–	–
Segment profit (Operating profit)	–	14,804	–	–

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Increase/decrease	%
ADSL accumulated total subscribers (thousands)	1,928	1,565	(363)	(18.8)
ADSL ARPU (yen/month)	1,961	2,001	40	2.0
ADSL monthly churn rate (%)	2.03	2.12	0.09	–

* ARPU: Average Revenue Per User (amounts less than ¥1 are rounded off)

In the Fixed Broadband Business, the accumulated total number of subscribers was down because the number of cancellations exceeded the number of new subscriptions despite joint efforts with Internet service providers and other partners, to which the Company sells ADSL lines as a wholesaler, to attract new customers and suppress churn rates. The accumulated total number of ADSL subscribers as of March 31, 2012 was 1,565 thousand.

As a result, revenue for the year ended March 31, 2012 was ¥44,674 million and segment profit (Operating profit) was ¥14,804 million.

(2) Cash Flows

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE, through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year and did not prepare non-consolidated statement of cash flows in the previous year. Therefore, comparisons with the previous fiscal year are not presented.

Cash and cash equivalents as of March 31, 2012 amounted to ¥38,412 million. This represents a ¥4,986 million decrease from ¥43,397 million as of April 1, 2011.

(Cash Flows from Operating activities)

Net cash provided by operating activities was ¥57,042 million. The main factors in this were ¥11,970 million in income before income taxes, ¥37,856 million in depreciation, which is a non-fund item, a ¥6,331 million decrease caused by an increase in accounts receivable–trade, a decrease of ¥2,339 million due to an increase in inventories, ¥13,687 million in proceeds from increases in accounts payable–trade and other accounts payable, and ¥2,581 million in proceeds from income taxes refund.

(Cash Flows from Investing activities)

Net cash used in investing activities was ¥34,814 million. The main factor in this was ¥36,823 million used in purchase of fixed assets.

(Cash Flows from Financing activities)

Net cash used in financing activities was ¥27,219 million. This was due to a net payment of ¥63,601 million caused by borrowing and repayments of long-term debt, ¥55,997 million in proceeds from issuance of bonds, ¥14,048 million in redemption of bonds and ¥2,956 million in dividend payment.

2 Production, Orders Received and Sales

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE Ltd., through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year. Therefore, comparisons with the previous fiscal year are not presented as figures in the current year are not consistent with those in the previous year.

(1) Actual Production

There are no matters to be disclosed with regard to production, as the Group does not manufacture products in the provision of its services.

(2) Actual Purchase

Actual purchase for the fiscal year ended March 31, 2012 is as follows.

Segment	Amount (¥ in millions)	Year on year (%)
Mobile Business	14,701	–
Total	14,701	–

(Note) The above amounts are presented exclusive of consumption tax.

(3) Orders Received

There are no matters to be disclosed with regard to orders received, as the Group does not manufacture products after receiving orders.

(4) Actual Sales

Actual sales for the current fiscal year are as follows.

Segment	Amount (¥ in millions)	Year on year (%)
Mobile Business	160,069	–
Fixed Broadband Business	44,674	–
Total	204,743	–

(Notes) 1. The above amounts are presented exclusive of consumption tax.
2. The following table shows actual sales to each major client and the proportion of such amount to total sales.

Client	Fiscal year ended March 31, 2012	
	(¥ in millions)	(%)
SOFTBANK MOBILE Corp.	32,675	16.0
KDDI CORPORATION	14,465	7.1
NTT Communications Corporation	10,182	5.0

(Note) The above amounts are presented exclusive of consumption tax.

3 Challenges to Address

The Company strives to ensure high-quality communications that can maintain continuous and stable communication services and provide broadband communication services that are always convenient and easy to use.
Towards these ends, the Company will put the highest priority on addressing the following issues.

A. Enhancement of Sales and Marketing System

The Company has increased the number of subscribers mainly by obtaining customers in cooperation with affiliated partners and distributors. In future, the Company will reinforce its business relationships with partners further so as to maintain effective marketing activities. At the same time it will expand its original distribution channel including EMOBILE shops. Its aim is to enhance opportunities to attract new customers.
In addition, we at the Company strive to enhance marketing activities focusing on greater recognition of the “EMOBILE” brand and emphasizing the advantages of our services.

B. Expansion of Businesses and Maximal Synergies among Businesses

Aiming at active expansion of the growing Mobile Business and ensuring a stable profit in the Fixed Broadband Business, the Company intends to provide attractive services by integrating mobile communication and fixed broadband communication.
For its Mobile Business, the Company strives to realize a society with truly seamless broadband services by leveraging high-speed communication technologies to provide new services, new charge systems, and attractive terminals, and promoting mobile broadband services based on the superior convenience and functionality that such services provide.
In the Fixed Broadband Business, the Company endeavors to emphasize the advantages of ADSL services including their lower cost compared with FTTH and ease of introduction so as to attract new customers and keep the existing customers.

C. Enhancing Cost Competitiveness

To successfully expand customer bases by setting attractive charge systems and to promote proactive business activities, an enterprise in our industry must inevitably develop and enhance a management system to generate profits at low prices by constraining costs. The Company keeps subscriber acquisition costs down by strengthening its business relationships with affiliated ISPs or distributors. For the Mobile Business, the Company undertakes various efforts to expand business while strengthening cost competitiveness on various fronts. Key cost controls include restraints on costs in relation to the development and construction of base stations through the implementation of technologies in compliance with global standards and the latest small base stations, and restraints on capital investments and running costs through the sharing of networks with the Fixed Broadband Business.
Furthermore, the Company is committed to achieving a leaner, more robust management structure by enhancing business efficiency through business process reform, curtailment of personnel expenses through flexible and dynamic reshuffling of personnel assignments, and thorough cost consciousness in the mind of every employee down to the one-yen level.

D. Enhancing Customer Satisfaction

Customers of the Company include affiliated ISPs and distributors, in addition to subscribers to the ADSL services or ISP services of AOL, and mobile communication services. To keep and increase the number of subscribers going forward, it will be critical to enhance customer satisfaction through continued efforts to improve the quality of services. The Company is committed to reinforcing its relationships with affiliated

ISPs and distributors, who are a direct link to customers, and expanding direct marketing communication activities for customers.

E. Strengthening Internal Management System and Employee Education and Training

In order to prevent various management insufficiencies arising as a result of rapid business expansion, the Company educates and trains its employees thoroughly while improving its organizational structures, developing and improving its various regulations and rules, and refining its business processes with sophisticated precision.

The Company believes that it is a social obligation to appropriately manage and protect the customers' personal information it handles. "Information Security Committee," a unit responsible for the constant promotion, management, and supervision of information security within the Company, develops and operates the Company's security policies and related regulations and rules, in addition to tightening control over access to customer data and to high-security areas, and installing security software for internal networks. The Company ensures that every employee recognizes his or her obligation to manage personal information with vigilance and continues to promote the appropriate handling and discreet management of information.

From the standpoint of internal control, the Company has set up a system to ensure the appropriateness of operations in accordance with the Companies Act and the Enforcement Regulations of the Companies Act. The Company has also established the Compliance Committee and the Risk Management Committee, and periodically establishes and reviews rules related to internal control. In addition, the Company is continuing to enhance its initiatives to increase compliance awareness among its directors, corporate auditors and employees, and strengthen its system to avoid or minimize risks that have the potential to cause significant damage to the management of the Company.

The "Internal Control Office," an exclusive department for internal control, assesses the effectiveness of internal control and continues to implement and improve internal control in ways necessary to support the effective and appropriate filing of internal control reports prescribed in the Financial Instruments and Exchange Act.

4 Business and Other Risks

Listed below are principal business risks surrounding the Company which have the possibility of affecting the Company's business performance in the future. In view of our proactive information disclosure policy for investors and shareholders, we have also included information considered to be material for investment decisions and understanding of our business activities, which may not be necessarily categorized as business risks. Acknowledging such risks in advance, our approach is to prevent them from occurring, or to handle them and take appropriate countermeasures should they occur.
Please take note that the descriptions below may not cover all of the risks that need to be addressed in making investment decisions regarding the Company's stocks, and such descriptions also contain forward-looking statements which are determined as of the end of this fiscal year.

A. Competitive Situation

Some competitor companies in the broadband and mobile communications market have greater management resources than the Company, such as greater capital, technology and sales capabilities, as well as such factors as a larger customer base and a stronger brand value than the Company. There is also a possibility that companies entering the market will intensify competition. Some competitors provide value-added services that we do not, and some competitors cover wider service areas than we do. In the future, companies entering the market may provide innovative services that we are not able to offer. Such intensification of competition could weaken our management base by having adverse effects on our profitability and sales capabilities.

B. Execution of Mobile Business Plan

Competition in the mobile communication business, in which the Company operates the Mobile Business, may change beyond our expectation reflecting such developments as the expansion of mobile broadband services, the introduction of flat rate charges, and the emergence of smartphones. Reflecting such changes in the market, there is a possibility of our results falling short of our business plan. In the Mobile Business, various unexpected changes in the business environment also include technology innovation or substitution, which may reduce the service value of the Company, and this may cause more losses than expected or may require more capital expenditures than planned. As a result, the Company may be obliged to alter our business plan, and if such an alteration occurs, it may adversely affect business performance and financial condition of the Company.
If we are allocated a new frequency band in addition to the current frequency band, we may have to finance a large amount of funds for additional capital expenditures. In such case, new funding costs may have a negative effect on the Company's business results and financial position. On the other hand, if the frequency band allocated for the Company becomes insufficient to accommodate increases in subscribers, we may not be able to maintain its quality of service or continue to provide competitive services. In such a case, our operating results may be adversely affected.
When the Company constructs its Mobile Business transmission base stations, it may be required to implement measures to reduce wave interference against other carriers' stations in the neighborhood. There is a possibility that the Company, which has newly entered the market, may need to bear a part of such interference prevention expenses, and these expenses may adversely affect the business performance and financial condition of the Company.

C. Fixed Broadband Business

Depending on government measures for the use of FTTH and mobile services or market trends, there may be incentives to move to FTTH, such as price reductions of these services, service area expansions and others. Such factors may accelerate subscriber shifts from ADSL to FTTH services or mobile services, which would result in a further decline of our ADSL subscriber base and affect our operating results and financial condition.

D. Securing Business Financing

For the loan agreements to secure necessary funds for its Mobile Business, the Company's major assets in the Mobile Business were pledged as collateral and certain financial and operating covenants were provided. In the event of a breach of these covenants, the Company would lose the benefit of term with respect to all contractual liabilities, which would have a materially adverse impact on the overall management of the Company.

For allocation of the new frequency band from the Ministry of Internal Affairs and Communications, the Company may have to finance a large amount of funds for additional capital expenditures. If a new frequency band is not allocated to the Company due to there being no prospects for the necessary fund-raising, the Company's competitiveness and the future growth potential of the Mobile Business may be limited, which would have a negative effect on the Company's business operations.

E. Inventories of Mobile Devices

To ensure that we meet commitments and do not miss sales opportunities, it is necessary for us to maintain appropriate inventories of mobile devices in our distribution channel. However, if we carry excess inventories against our sales prospects and capabilities, such excess inventories may be recorded as valuation loss, which may have an adverse effect on our business performance.

F. Maintenance and Procurement of Network Facilities in the Fixed Broadband Business

The Company provides and maintains ADSL services relying on facilities and equipment from machine vendors and suppliers. There is a possibility of the suppliers from which we procure ADSL chips discontinuing chip production due to market maturation or reduced capital expenditure, and in such a case it may become difficult for us to procure new ADSL modems. This could make it difficult for us to procure repair or replacement parts for existing ADSL equipments, which may adversely affect our delivery of ADSL services.

In terms of transmission equipment, although we take appropriate preemptive measures such as scheduled equipment renewal to maintain our transmission capabilities, the aging of equipment may adversely affect our network and disrupt our network services.

G. Relationships with Business Partners

a. Relationship with partners

As the Company primarily sells ADSL and mobile broadband services on a wholesale basis to our business partners or ISPs, factors such as changes in such partners' sales policies, consolidations and mergers among them, or worsening of their business performances, may have an adverse effect on the Company's business performance.

b. Relationship with distributors

Changes in sales policies and scaling down of sales activities by companies in our distribution channel, such as large consumer electric appliance retailers, may result in changes such as decreases in sales activities for our services, and this may adversely affect increases in the number of our subscribers.

c. Relationship with NTT and other telecommunication carriers

The Company leases spaces for ADSL equipment in NTT's telephone central offices and utilizes NTT's dark fiber for the Fixed Broadband Business. The Company also utilizes other carriers' telecommunications transmission services for the Mobile Business. Thus, our services partially depend on the NTT Group and other carriers. As a result, for whatever reason if there are any changes in deregulation rules pertaining to NTT's facilities and connection fees or changes in contracts with other carriers that are disadvantageous to the Company, that may have adverse effects on our business performance.

H. Institutional Regulatory Environment and Legal Restrictions

Principal regulations for the Company's telecommunication business are based on the Telecommunications Business Act and the Radio Act, and accordingly, the Company filed a registration to the Ministry of Internal Affairs and Communications and was certified as a telecommunications carrier. In addition, the Company obtained the necessary frequency band for its mobile phone business from the Ministry of Internal Affairs and Communications. However, there is a possibility that for some reason the Ministry or other regulatory authorities may revoke our registration or certification or impose administrative sanctions. In such case, our potential for future growth in the mobile services business or other businesses may be restricted and our business could be adversely affected.

I. Natural Disasters

Even though the Company takes various preemptive measures such as network redundancy for the security of our network and system infrastructure, as well as for stability of service operations, there is a possibility that natural disasters such as earthquakes, typhoons, tsunami and floods, or blackouts caused by electric power shortages, may damage our network, and system infrastructure, leading to the outage of our services, depending on the scale of such disaster. Such a case may have adverse effects on our business performance.

J. Handling of Personal Information

Since the Company handles and maintains personal information of our subscribers for business purposes, the Company employs various means for the appropriate handling and prudent management of such information. However, in the event of any material leakage of personal information caused by unauthorized access from outside or internal mismanagement of information, there may be lawsuits for compensation of damages or damage to the credibility of the Company, which may adversely affect our business performance.

K. Future Business Development

The Company continually looks into the possibility of a business combination or merger and acquisition with a candidate that has the potential to contribute to our future growth by expanding sales growth in our current business, cost reduction, and the introduction of new services. However, in the case of such a business combination, merger or acquisition, there is a possibility that the business of the counterpart or acquired business may not progress as planned or as the Company expects, which may have adverse effects on our operating results and financial condition.

5 Significant Agreements for Management Purposes

Mutual connection agreements

Name of agreement	Company name	Contents of agreement	Contractual term
Mutual connection agreement	Nippon Telegraph and Telephone East Corporation, Nippon Telegraph and Telephone West Corporation	Customers receive communications services via the mutually connected facilities of the Company, Nippon Telegraph and Telephone East Corporation, and Nippon Telegraph and Telephone West Corporation. The Company has entered into an agreement with each company separately.	No contractual term is specifically provided. The Company can terminate the agreement by giving written notice to the other party at least one year before the intended termination.
Mutual connection agreement	ISP operators (Note 1)	Customers receive Internet connection services via connections made between the Company and Internet service providers. The Company has entered into an agreement with each company separately.	No contractual term is specifically provided. An ISP operator can terminate the agreement by giving a written notice to the Company at least one year before the intended termination.
Mutual connection agreement	Voice service providers (Note 2)	Customers receive mobile phone services via connections made between the Company and voice service providers. The Company has entered into an agreement with each company separately.	No contractual term is specifically provided. A voice service provider can terminate the agreement by giving a written notice to the Company at least one year before the intended termination.

(Note 1) KDDI CORPORATION, NIFTY Corporation, SOFTBANK TELECOM Corp., NTT Communications Corporation and 19 other companies

(Note 2) NTT DOCOMO, Inc., KDDI CORPORATION, SOFTBANK MOBILE Corp., SOFTBANK TELECOM Corp., and 24 other companies

Syndicated loan agreements

The Company refinanced borrowings EMOBILE made in March 2006 based on a loan agreement in order to secure necessary funds for mobile businesses with a view to strengthening the mid- and long-term financial foundation, and entered into syndicated loans of ¥165,000 million in total for a borrowing period of up to 5 years with 32 financial institutions. The actual amount borrowed at the end of the current fiscal year was ¥95,512 million. With respect to the syndicated loan agreements, major assets held by the Company were pledged as collateral (the book value of the assets is ¥209,529 million as of March 31, 2012). Meanwhile, certain financial covenants and operating covenants are provided for the syndicated loans. The Company has not breached any of the provisions of the financial covenants or operating covenants as of March 31, 2012.

6 Research and Development Activities

For the fiscal year ended March 31, 2012, the Company recognized ¥767 million in research and development expenses mainly for the development of terminal devices in the Mobile Business.

7 Analysis of Financial Position, Operating Results and Cash Flows

Any future forecasts events included in the following descriptions are based on the best estimates or judgment of eAccess Group as of March 31, 2012.

(1) Significant Accounting Policies and Estimates

The financial statements of eAccess Group are prepared in conformity with accounting principles generally accepted in Japan.

The significant accounting principles applied in the preparation of the financial statements are shown in "II. Financial Information, 1 Financial Statements, (1) Financial Statements, Significant Accounting Policies."

In the preparation of eAccess Group's financial statements, while we make reasonable judgments on estimates which affect the amounts of income and expenses and assets and liabilities based on past experience and information that is available to the Group, due to the uncertainty inherent in those estimates, the actual results could differ from our estimates.

(2) Analysis of Operating Results

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE, through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current year. Therefore, comparisons with the previous fiscal year for profits and losses in financial statements are not presented as figures in the current year are not consistent with those in the previous year because it is a period immediately after the merger with EMOBILE.

A. Revenue

Revenue for the fiscal year ended March 31, 2012 was ¥204,743 million. By segment, the Mobile Business grew its number of subscribers, particularly for the mobile Wi-Fi router "Pocket WiFi," thanks to the spread of Wi-Fi compatible devices such as portable audio players, portable game consoles, and tablet devices. On March 15, 2012, the Company launched "EMOBILE LTE," a next-generation mobile communications service using LTE with a maximum download speed of 75 Mbps. As a result of steady growth in the number of subscribers, revenue for the Mobile Business was ¥160,069 million for the year ended March 31, 2012. In the Fixed Broadband Business, the accumulated total number of subscribers was down because the number of cancellations exceeded the number of new subscriptions despite joint efforts with Internet service providers and other partners, to which the Company sells ADSL lines as a wholesaler, to attract new customers and suppress churn rates and as a result, revenue was ¥44,674 million.

B. Operating Profit

Operating profit for the year ended March 31, 2012 was ¥24,441 million. By segments, in the Mobile Business, operating profit was ¥9,637 million as a result of strong growth in subscriber numbers. Operating profit for the Fixed Broadband Business was ¥14,804 million.

C. Recurring Profit and Loss

Recurring profit for the year ended March 31, 2012 was ¥12,184 million as a result of the recording of interest expense of ¥6,252 million, interest on bonds of ¥4,097 million and commission expense of ¥1,887 million.

D. Non-Recurring Profit and Loss

¥4 million in gain on sales of fixed assets has been recorded as non-recurring profit and ¥218 million in loss on disposition of fixed assets has been recorded as non-recurring loss.

E. Net Income

Income before income taxes was ¥11,970 million. The Company posted minus ¥3,206 million in income tax expense–deferred as an assessment of the realizability of deferred tax assets resulted in an increase in deferred tax assets, despite the reversal of a portion of deferred tax assets in accordance with the FY2011 tax reform. Net income was ¥15,156 million, and net income per share was ¥4,320.98.

(3) Analysis of Financial Condition

As of March 31, 2012, current assets, tangible fixed assets, and intangible fixed assets amounted to ¥122,173 million, ¥148,220 million, and ¥40,504 million, respectively; compared to the previous fiscal year-end, they showed a decrease of ¥2,265 million, an increase of ¥3,496 million, and a decrease of ¥7,296 million, respectively. The decrease in current assets was due mainly to a decrease of ¥7,014 million in cash and deposits, an increase of ¥6,331 million in accounts receivable–trade resulting from increases in the number of subscribers and mobile device sales and an increase of ¥2,325 million in merchandise in line with an increase in purchase of mobile devices. Additionally, investments and other assets stood at ¥40,296 million, up ¥4,673 million compared to the previous fiscal year-end. This was mainly due to an increase of ¥1,463 million in long-term accounts receivable-other and an increase of ¥2,335 million in deferred tax assets. As a result, total assets came to ¥352,312 million, a decrease of ¥639 million compared to the previous fiscal year-end.

As of March 31, 2012, current liabilities amounted to ¥85,109 million, an increase of ¥5,700 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥12,468 million in redemption of current maturities of bonds, an increase of ¥8,388 million owing to repayment of the current portion of long-term debt and transfer of long-term debt to the current portion and an increase of ¥9,865 million in other accounts payable resulting from increases in advertising, marketing and operation costs and the effect of the bank holiday at the year-end date. Long-term liabilities amounted to ¥180,832 million, a drop of ¥19,685 million compared to the previous fiscal year-end. This was due mainly to a decrease of ¥71,989 million caused by a repayment of long-term debt and an increase of ¥54,862 million resulting from issuance of bonds. As a result, total liabilities came to ¥265,941 million, a decrease of ¥13,985 million compared to the previous fiscal year-end.

As of March 31, 2012, net assets came to ¥86,371 million, an increase of ¥13,345 million compared to the previous fiscal year-end. This was due to an increase of ¥1,088 million in deferred gains or losses on hedges and recording net income of ¥15,156 million, despite cash dividends of ¥2,956 million.

(4) Analysis of Cash Flows

On March 31, 2011, the Company absorbed its consolidated subsidiary, EMOBILE, through a merger. As a result, there are no consolidated subsidiaries, and the Company is reporting non-consolidated operating results from the current fiscal year and did not prepare statement of cash flows in the previous year. Therefore, comparisons with the previous fiscal year are not presented.

Cash and cash equivalents as of March 31, 2012 amounted to ¥38,412 million. This represents a ¥4,986 million decrease from ¥43,397 million as of April 1, 2011.

(Cash Flows from Operating activities)

Net cash provided by operating activities was ¥57,042 million. The main factors in this were ¥11,970 million in income before income taxes, ¥37,856 million in depreciation, which is a non-fund item, a ¥6,331 million decrease caused by an increase in accounts receivable–trade, a decrease of ¥2,339 million due to an increase in inventories, ¥13,687 million in proceeds from increases in accounts payable–trade and other accounts payable, and ¥2,581 million in proceeds from income taxes refund.

(Cash Flows from Investing activities)
Net cash used in investing activities was ¥34,814 million. The main factor in this was ¥36,823 million used in purchase of fixed assets.

(Cash Flows from Financing activities)
Net cash used in financing activities was ¥27,219 million. This was due to a net payment of ¥63,601 million caused by borrowing and repayments of long-term debt, ¥55,997 million in proceeds from issuance of bonds, ¥14,048 million used in redemption of bonds and ¥2,956 million used in dividend payment.

II. Financial Information

1. Basis of preparation of the financial statements

(1) The accompanying financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

(2) The financial statements of the Company are prepared in accordance with the "Regulations for Terminology, Forms and Preparation Method of Non-Consolidated Financial Statements" ("Regulation for Non-Consolidated Financial Statements") (Ministry of Finance Ordinance No. 59, 1963).

2. Auditing

The financial statements for the fiscal year ended March 31, 2012 were audited by KPMG AZSA LLC in accordance with Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act.

3. Preparation of the consolidated financial statements

The Company does not prepare the consolidated financial statements pursuant to Article 5, Paragraph 2, of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance No. 28 of October, 1976), because items of its subsidiaries, including assets, revenue, profit and loss, retained earnings and cash flows, are immaterial, as such, we believe they do not hinder a rational judgment of the eAccess Group's financial position, results of operations and cash flow position.

The ratios regarding subsidiaries on assets, revenue, net income and retained earnings bases are as follows:

Assets basis	0.0%
Revenue basis	— %
Net income basis	–0.1%
Retained earnings basis	–1.0%

4. Particular efforts to secure the appropriateness of the financial statements

The Company carries out particular efforts to ensure the appropriateness of the financial statements. In particular, the Company is a member of the Financial Accounting Standards Foundation (FASF) in order to gain an appropriate understanding of the details of matters such as accounting standards.

Financial Statements

(1) Financial Statements

A. Balance Sheets

(As of March 31, 2011 and 2012)

	(¥ in millions) Prior Year End (As of March 31, 2011)	(¥ in millions) Current Year End (As of March 31, 2012)	($ in thousands) Current Year End (As of March 31, 2012)
(ASSETS)			
Current assets			
Cash and deposits	*1 47,080	*1 40,066	486,182
Accounts receivable-trade	*1 30,263	*1 36,595	444,055
Merchandise	*1 2,090	*1 4,415	53,579
Supplies	62	75	914
Advance payments-trade	845	2,156	26,166
Prepaid expenses	3,381	4,463	54,157
Accounts receivable-other	36,584	32,163	390,285
Income taxes receivable	2,513	3	35
Deferred tax assets	4,939	5,188	62,956
Other current assets	199	505	6,124
Allowance for bad debt	(3,520)	(3,457)	(41,946)
Total current assets	124,438	122,173	1,482,507
Fixed assets			
Tangible fixed assets			
Buildings	1,726	1,848	22,429
Accumulated depreciation	(688)	(853)	(10,347)
Buildings, net	1,037	996	12,081
Structures	17,270	18,157	220,320
Accumulated depreciation	(1,463)	(2,068)	(25,093)
Structures , net	15,807	16,089	195,227
Machinery and equipments	51,502	54,785	664,790
Accumulated depreciation	(42,668)	(46,409)	(563,145)
Machinery and equipments, net	8,834	8,377	101,645
Wireless telecommunications equipments	157,214	180,361	2,188,586
Accumulated depreciation	(46,445)	(64,828)	(786,657)
Wireless telecommunications equipments, net	110,769	115,533	1,401,930
Terminal equipments	8,960	8,743	106,088
Accumulated depreciation	(6,880)	(7,876)	(95,572)
Terminal equipments , net	2,080	867	10,516
Tools, furniture and fixtures	5,498	5,980	72,567
Accumulated depreciation	(4,459)	(4,937)	(59,914)
Tools, furniture and fixtures, net	1,038	1,043	12,653
Land	307	307	3,731
Construction in progress	4,851	5,009	60,782
Total tangible fixed assets	*1 144,724	*1 148,220	1,798,567
Intangible fixed assets			
Right of trademark	7	6	73
Right of using facilities	13,882	14,237	172,755
Software	30,834	25,151	305,190
Software in progress	3,077	1,111	13,476
Total intangible fixed assets	*1 47,800	*1 40,504	491,493
Investments and other assets			
Securities investments	1,481	1,505	18,259
Investments in other securities of subsidiaries and affiliates	41	35	425
Long-term prepaid expenses	5,687	5,613	68,111
Long-term accounts receivable-other	11,961	13,424	162,896
Guarantee deposits	1,515	1,549	18,796
Deferred tax assets	15,030	17,364	210,705
Derivatives	-	888	10,769
Investments and others	99	92	1,113
Allowance for bad debt	(190)	(174)	(2,106)
Total investments and other assets	35,623	40,296	488,970
Total fixed assets	228,147	229,020	2,779,030
Deferred assets			
Bond issuance cost	366	1,119	13,580
Total deferred assets	366	1,119	13,580
TOTAL ASSETS	352,952	352,312	4,275,117

Balance Sheets (Continued)
(As of March 31, 2011 and 2012)

	Prior Year End (As of March 31, 2011) (¥ in millions)		Current Year End (As of March 31, 2012) (¥ in millions)		Current Year End (As of March 31, 2012) ($ in thousands)
(LIABILITIES)					
Current liabilities					
Accounts payable-trade		1,791		5,593	67,870
Current maturities of bonds		14,048		1,580	19,172
Current portion of long-term debt	*2	20,712	*2	29,099	353,104
Current portion of capital lease obligations		696		185	2,245
Other accounts payable		10,298		20,162	244,659
Accounts payable-facilities		9,218		6,718	81,517
Current portion of installment obligations	*2	14,031	*2	14,430	175,100
Accrued expenses		7,038		5,947	72,158
Income tax payable		509		121	1,465
Accrued consumption taxes		632		701	8,512
Advances received		50		92	1,117
Deposits received		271		439	5,333
Allowance for loss on disaster		77		-	-
Asset retirement obligations		40		41	500
Total current liabilities		79,409		85,109	1,032,751
Long-term liabilities					
Bonds, less current maturities		12,640	*3	67,502	819,102
Long-term debt, less current portion	*2	177,665	*2	105,676	1,282,320
Capital lease obligations, less current portion		194		9	105
Installment obligations, less current portion	*2	9,707	*2	7,359	89,300
Asset retirement obligations		307		283	3,431
Other long-term liabilities		4		3	39
Total long-term liabilities		200,517		180,832	2,194,297
TOTAL LIABILITIES		279,926		265,941	3,227,048
(NET ASSETS)					
Shareholders' equity					
Capital stock		18,482		18,503	224,522
Capital surplus					
Legal capital surplus		49,230		49,251	597,630
Total Capital surplus		49,230		49,251	597,630
Retained earnings					
Other retained earnings					
Retained earnings brought forward		5,325		17,524	212,643
Total retained earnings		5,325		17,524	212,643
Total shareholders' equity		73,037		85,277	1,034,795
Valuation and translation adjustments					
Valuation adjustment on securities investments		18		35	428
Deferred gains or losses on hedges		(29)		1,059	12,846
Total valuation and translation adjustments		(11)		1,094	13,274
TOTAL NET ASSETS		73,026		86,371	1,048,069
TOTAL LIABILITIES AND NET ASSETS		352,952		352,312	4,275,117

B. Statements of Operations

(For the years ended March 31, 2011 and 2012)

	(¥ in millions) Prior Year (Twelve months ended March 31, 2011)		(¥ in millions) Current Year (Twelve months ended March 31, 2012)		($ in thousands)
Revenue	*1	70,906		204,743	2,484,447
Cost of revenue		42,832		81,186	985,142
Gross profit		28,075		123,558	1,499,305
Selling, general and administrative expenses					
Advertising expenses		5		1,474	17,882
Promotion expenses		2,854		70,521	855,731
Provision of allowance for bad debt		1		670	8,135
Bad debts expenses		11		-	-
Salaries and benefits		1,748		6,885	83,549
Compensations		249		340	4,131
Traveling and transportation expenses		43		388	4,711
Rent expenses		397		1,365	16,558
Business consignment expenses		2,593		7,351	89,201
Recruiting expenses		11		52	629
Office supplies expenses		2		2	29
Supplies expenses		48		244	2,966
Communication expenses		374		890	10,800
Depreciation		890		5,315	64,498
Research and development expenses	*2	465	*2	767	9,301
Others		970		2,852	34,608
Total Selling, general and administrative expenses		10,662		99,117	1,202,729
Operating profit		17,413		24,441	296,576
Non-operating income					
Interest income		13		12	148
Dividend income		2		2	28
Gain on disposal of unpaid dividend		15		14	164
Gain on bad debts recovered		0		146	1,766
Interest on refund of income taxes and others		-		63	766
Others		33		56	680
Total non-operating income		63		293	3,553
Non-operating expenses					
Interest expense		627		6,252	75,862
Interest on bonds		698		4,097	49,716
Commission expense		160		1,887	22,899
Amortization of bond issuance costs		96		238	2,894
Others		88		75	910
Total non-operating expenses		1,669		12,549	152,281
Recurring profit		15,807		12,184	147,849
Non-recurring profit					
Gain on sales of subsidiary's stock		13		-	-
Gain on sales of fixed assets		-	*3	4	45
Total non-recurring profit		13		4	45
Non-recurring loss					
Loss on elimination of tie-in shares		47,931		-	-
Loss on disposition of fixed assets	*4	181	*4	218	2,644
Loss on write-down of securities investments		2,537		-	-
Loss on disaster		43		-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations		22		-	-
Others		5		-	-
Total non-recurring loss		50,718		218	2,644
Income / (Loss) before income taxes		(34,898)		11,970	145,250
Income tax expense-current		64		21	252
Income tax expense-deferred		(16,734)		(3,206)	(38,906)
Total income taxes		(16,670)		(3,186)	(38,654)
Net income / (Loss)		(18,228)		15,156	183,904

Cost of Revenue

(For the years ended March 31, 2011 and 2012)

	(¥ in millions) Prior Year (Twelve months ended March 31, 2011)		(¥ in millions) Current Year (Twelve months ended March 31, 2012)	($ in thousands)	
Devices and related tools sold	8,908	20.8%	12,395	150,411	15.3%
Salaries and benefits	526	1.2%	1,508	18,301	1.9%
Expenses					
Outsourcing	1,511	3.5%	3,070	37,256	3.8%
Depreciation and amortization	5,896	13.8%	32,375	392,848	39.9%
Network	18,529	43.3%	23,766	288,387	29.3%
Modem rental	6,710	15.7%	4,179	50,716	5.1%
Spectrum user fee	-	-	3,232	39,220	4.0%
Others	751	1.8%	660	8,004	0.8%
Cost of revenue	42,832	100%	81,186	985,142	100%

C. Statements of Changes in Net Assets
(For the year ended March 31, 2012)

(¥ in millions)

	Shareholders' Equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2011	18,482	49,230	5,325	73,037
Change of items during the period				
Issuance of new stock, net	21	21		41
Cash dividends			(2,956)	(2,956)
Net income after tax			15,156	15,156
Net changes of items other than shareholders' equity				
Total changes of items during the period	21	21	12,199	12,241
Balance at March 31, 2012	18,503	49,251	17,524	85,277

	Valuation and translation adjustments			Total net assets
	Valuation adjustment on securities investments	Deferred gains or losses on hedges	Total	
Balance at March 31, 2011	18	(29)	(11)	73,026
Change of items during the period				
Issuance of new stock, net				41
Cash dividends				(2,956)
Net income after tax				15,156
Net changes of items other than shareholders' equity	17	1,088	1,105	1,105
Total changes of items during the period	17	1,088	1,105	13,345
Balance at March 31, 2012	35	1,059	1,094	86,371

Statements of Changes in Net Assets (Continued)
(For the year ended March 31, 2012)

($ in thousands)

	Shareholders' Equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at March 31, 2011	224,272	597,379	64,610	886,261
Change of items during the period				
Issuance of new stock, net	250	250		500
Cash dividends			(35,871)	(35,871)
Net income after tax			183,904	183,904
Net changes of items other than shareholders' equity				
Total changes of items during the period	250	250	148,033	148,533
Balance at March 31, 2012	224,522	597,630	212,643	1,034,795

	Valuation and translation adjustments			Total net assets
	Valuation adjustment on securities investments	Deferred gains or losses on hedges	Total	
Balance at March 31, 2011	222	(352)	(130)	886,131
Change of items during the period				
Issuance of new stock, net				500
Cash dividends				(35,871)
Net income after tax				183,904
Net changes of items other than shareholders' equity	207	13,198	13,404	13,404
Total changes of items during the period	207	13,198	13,404	161,938
Balance at March 31, 2012	428	12,846	13,274	1,048,069

D. Statement of Cash Flows

(For the year ended March 31, 2012)

	(¥ in millions)	($ in thousands)
	Current Year (Twelve months ended March 31, 2012)	
Cash flows from operating activities		
Income before income taxes	11,970	145,250
Depreciation	37,856	459,359
Gain on sales of fixed assets	(4)	(45)
Loss on disposition of fixed assets	218	2,644
Amortization of bond issuance costs	238	2,894
Other gain	(72)	(870)
Decrease in allowance for bad debt	(80)	(969)
Decrease in allowance for loss on disaster	(29)	(355)
Interest and dividend income	(15)	(176)
Interest expense	10,349	125,578
Commission expense	1,887	22,899
Increase in accounts receivable-trade	(6,331)	(76,827)
Increase in inventories	(2,339)	(28,378)
Increase in other assets	(1,373)	(16,657)
Increase in accounts payable-trade	3,803	46,141
Increase in other accounts payable	9,884	119,937
Decrease in accrued expenses	(1,147)	(13,914)
Decrease in other liabilities	(89)	(1,085)
Subtotal	64,727	785,425
Interest and dividend received	16	192
Interest paid	(10,249)	(124,370)
Income taxes paid	(32)	(384)
Income taxes refund	2,581	31,314
Net cash provided by operating activities	57,042	692,177
Cash flows from investing activities		
Proceeds from time deposits at maturity	5,000	60,672
Placement into time deposits	(2,500)	(30,336)
Increase in restricted deposit	(471)	(5,720)
Purchase of tangible fixed assets	(32,029)	(388,659)
Proceeds from sales of tangible fixed assets	15	187
Purchase of intangible fixed assets	(4,794)	(58,168)
Others	(35)	(424)
Net cash used in investing activities	(34,814)	(422,448)
Cash flows from financing activities		
Repayments of capital lease obligations	(696)	(8,442)
Proceeds from sales and redemption by installment payment	16,635	201,853
Repayments of installment obligations	(16,436)	(199,436)
Proceeds from long-term debt	10,099	122,544
Repayments of long-term debt	(73,700)	(894,306)
Payments for arrangement of interest bearing debt	(2,155)	(26,151)
Proceeds from issuance of bonds	55,997	679,493
Redemption of bonds	(14,048)	(170,465)
Proceeds from stock issuance, net	41	498
Dividends paid	(2,956)	(35,870)
Net cash used in financing activities	(27,219)	(330,282)
Effect of exchange rate change on cash and cash equivalents	5	55
Net change in cash and cash equivalents	(4,990)	(60,553)
Cash and cash equivalents at the beginning of the period	43,397	526,604
Cash and cash equivalents at the end of the period	* 38,412	466,106

[Notes on premise of going concern]
No items to report

[Significant Accounting Policies]
1. Valuation policy and methods of securities
   Available-for-sale securities
      Securities with fair market value
         Stated at fair value (valuation difference is treated using the direct net asset adjustment method, and cost of securities sold is determined by the moving-average method) based on market value at the balance sheet date.
      Securities without fair market value
         Stated at cost using moving-average method.
         Additionally, with regard to contributions to investment business limited liability partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law, such contributions are regarded as negotiable securities), the Company mainly uses, as the book value, the net value of its holdings of partnership assets.

2. Valuation policy and methods of derivatives
   Derivatives
      Stated at fair market value.

3. Valuation policy and methods of inventories
   Merchandise, supplies
      Stated at cost using moving-average method (devaluating book value method based on decreases in profitability).

4. Depreciation method and standards for fixed assets
   A. Tangible fixed assets (excluding leased assets)
      Buildings (excluding leasehold improvements), structures, machinery and equipments, wireless telecommunications equipments and terminal equipments are depreciated with the straight-line method. Leasehold improvements and tools, furniture and fixtures are depreciated with the declining-balance method. The main estimated useful lives are as follows:

Buildings	8 - 33 years
Structures	30 years
Machinery and equipments	6 years
Wireless telecommunications equipments	9 years
Terminal equipments	3 years
Tools, furniture and fixtures	2 - 20 years

   B. Intangible assets
   (Software)
      For software for internal use, the declining-balance method is applied based on the software's estimated useful life within the Company (5 years).
   (Right of using facilities)
      Amortized over 20 years using declining-balance method.

C. Leased assets

For leased items recognized as assets and related construction costs for “machinery and equipments”, “terminal equipments” and “tools, furniture and fixtures,” (items related to finance lease transactions other than those in which the lessee is given rights approximating to ownership), the declining-balance method is applied with the lease term as the useful life and the residual value set at zero.

5. Accounting for deferred assets

A. Issuance costs for stocks

Stock issuance costs are charged to income as incurred.

B. Issuance costs for bonds

Bond issuance costs are amortized by the straight-line method over the years until maturity.

6. Accounting for allowances and reserves

Allowance for bad debt

To prepare for uncollectible credits in accounts receivable, etc., the Company provides an allowance for general credits using actual bad debt ratio, and provides an allowance for an estimated unrecoverable amount of specific credits deemed to be uncollectible after considering possible losses on collection.

7. Method for deferred hedge accounting

A. Method for deferred hedge accounting

(Forward exchange contracts)

Hedges are treated with deferred losses on hedges. Forward exchange contracts are translated at the foreign exchange rates stipulated in the contract if the forward exchange contract satisfies the requirements for this treatment.

(Currency swap transaction)

Hedges are treated with deferred losses on hedges.

B. Hedging instruments and hedged items

(Hedging instruments)

Forward exchange contracts and currency swap transaction

(Hedged items)

Forward exchange contracts: Planned transactions denominated in foreign currencies

Currency swap transaction: Corporate bond transaction denominated in foreign currencies

C. Hedging policy

Forward exchange contracts and currency swap transaction are conducted as a measure against risks due to foreign exchange fluctuations.

D. Assessment of effectiveness of hedge

The Company compares the accumulated changes in prices between hedged items and hedging instruments during the period from the commencement of hedge to the assessment of effectiveness of hedge and tests the effectiveness of hedge on the basis of their accumulated changes. When significant terms and conditions of the proposed transaction of hedging instruments and hedged items are identical and changes in prices and cash flows are expected to be offset in full at the commencement of a hedge and continuously thereafter, the Company does not assess the effectiveness of the hedge. For any items which have not been qualified for deferred hedge accounting as a result of the assessment of effectiveness of hedge, the Company discontinues the application of deferred hedge accounting to them.

8. Range of cash and cash equivalents in statement of cash flows
   Cash and cash equivalents in statement of cash flows consist of cash on hand, cash in banks which can be withdrawn as needed, and short-term investments with maturities of no more than three months that can be easily converted to cash with minimal risk of change in value.

9. Other significant matters forming the basis of preparation of financial statements
   Accounting treatment of consumption taxes, etc.
   Items subject to consumption tax, etc. are recorded at amounts exclusive of consumption taxes, etc.

[Changes in presentation]

(Statements of operations)

As Gain on bad debts recovered, included in Others in Non-operating income for the previous fiscal year, exceeded one-tenth of the total amount of non-operating income, this item is presented individually from the current fiscal year. Accordingly, financial statements in the previous fiscal year were reclassified to reflect these changes in the presentation.

As a result, ¥33 million included in Others of Non-operating income in the statements of operations in the previous fiscal year was reclassified as ¥0 million of Gain on bad debts recovered and ¥33 million of Others.

[Additional information]

(Adoption of the Accounting Standard for Accounting Changes and Error Corrections)

Effective on April 1, 2011, the Company adopted the "Accounting Standard for Accounting Changes and Error Corrections," (ASBJ Statement No. 24 issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections," (ASBJ Guidance No. 24 issued on December 4, 2009), to make changes in accounting principles and corrections of errors from previous years.

[Notes]

(Notes to balance sheets)

*1. Assets pledged as collateral

Collateral provided for syndicated loan

Major assets held by the Company were pledged as collateral for the syndicated loans (*2 (2)) for the Company. The period and book values of assets pledged as collateral as of the end of the fiscal year are as follows:

(Period for pledging assets as collateral)

Until the borrowings under the syndicated loan are repaid in full.

(Assets pledged as collateral)

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Cash and deposits	28,461	10,885
Accounts receivable-trade	24,032	31,393
Merchandise	2,090	4,415
Tangible fixed assets	115,562	124,242
Intangible fixed assets	45,643	38,594
Total	215,788	209,529

*2. State of borrowings under the commitment line

(1) The Company established the following credit facilities in order to secure funds necessary for working capital and capital expenditures.

(¥ in millions)

	As of March 31, 2011		As of March 31, 2012	
	Borrowing facility	Outstanding borrowing	Borrowing facility	Outstanding borrowing
Commitment lines (Note 1)	7,667	7,667	6,333	6,333
Commitment lines (Note 2)	22,695	22,695	19,817	19,817
Commitment lines (Note 3)	–	–	17,000	1,786
Installment disbursement term loan (Note 4)	7,422	3,015	7,422	7,268
Installment disbursement term loan (Note 5)	–	–	5,578	4,059
Total	37,783	33,376	56,150	39,264

(Note) 1. Two banks for a borrowing period of up to 4 years and 10 months

(Note) 2. One bank for a borrowing period of up to 8 years and 6 months

(Note) 3. Two banks for a borrowing period of up to 8 years and 11 months

(Note) 4. One bank for a borrowing period of up to 5 years and 10 months

(Note) 5. One bank for a borrowing period of up to 5 years and 5 months

Financial covenants have been provided for these commitment lines and installment disbursement term loans. In the event of a breach of these covenants, the Company might be

demanded for repayment of all the interest-bearing debt under these borrowings.
The Company has not breached any covenants as of March 31, 2012.

(2) The Company entered into syndicated loans of ¥95,512 million (Fiscal year ended march 31, 2011: ¥165,000 million) in total for a borrowing period of up to 5 years with 32 banks (Fiscal year ended march 31, 2011: 21 banks) in order to secure the funds necessary for the Mobile Business.
Certain financial covenants and operating covenants are provided for the syndicated loans. The major provisions of financial covenants and operating covenants are as follows. In the event of breach of these covenants, the Company might be demanded for repayment of all the interest-bearing debts under the syndicated loans.
The Company has not breached any of the financial covenants or operating covenants below as of March 31, 2012.

Financial covenants
1) The Company shall meet the required debt service coverage ratio (*1)
2) The Company shall meet the required interest coverage ratio (*2)
3) The Company shall meet the required leverage ratio (*3)
4) The Company shall maintain positive net worth during the loan period
(*1) Debt service coverage ratio: amount available for repayment / total payment of principal and interest
(*2) Interest coverage ratio: EBITDA (Earning Before Interest, Taxes, Depreciation, and Amortization) / total interest expenses
(*3) Leverage ratio: (interest-bearing debt outstanding－cash and deposits) / EBITDA

Operating covenants
1) The Company shall meet the required population coverage ratio or the required aggregate number of base stations
2) The Company shall meet the required target for the number of subscribers
The state of assets pledged as collateral is described in *1.

(3) To secure funds necessary for the Mobile Business, the Company entered into the following installment purchase contracts. The unused amount of installment is as follows:

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Total amount of installment	(Note 1) 6,000	(Note 2) 8,500
Used amount	2,148	2,850
Unused amount of installment	3,852	5,650

(Note) 1. 4 lease companies
(Note) 2. 5 lease companies

*3. Of these corporate bonds, financial covenants have been provided for corporate bonds denominated in foreign currencies of ¥56,480 million issued on April 1, 2011. The Company has not breached any covenants as of March 31, 2012.

(Notes to statements of operations)

*1. Transactions with affiliated companies are included as follows:

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Revenue	15,000	–

*2. Total of research and development expenses

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Research and development expenses included in general and administrative expenses	465	767

*3. Details of gain on sales of fixed assets are as follows:

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Machinery and equipments	–	4
Total gain on sales of tangible fixed assets	–	4

*4. Details of loss on disposition of fixed assets are as follows.

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Buildings	0	–
Structures	–	6
Machinery and equipments	1	0
Terminal equipments	164	52
Wireless telecommunications equipments	–	134
Tools furniture and fixtures	1	22
Total loss on disposition of tangible fixed assets	166	215
Software	14	3
Total loss on disposition of intangible fixed assets	14	3

(Notes to statements of changes in net assets)

Fiscal year ended March 31, 2011

1. Matters related to class and total number of shares issued as well as class and number of treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase in number of shares during the current fiscal year (shares)	Decrease in number of shares during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued				
Common stock (Note 1)	1,447,496	2,061,847	45,591	3,463,752
Class 1 preferred stock	25	–	–	25
Total	1,447,521	2,061,847	45,591	3,463,777
Treasury stock				
Common stock (Note 2, 3)	–	45,591	45,591	–
Total	–	45,591	45,591	–

(Note) 1. The increase of 2,061,847 shares in the number of common stocks was due to an increase of 5,884 shares from the exercise of stock options and an increase of 2,055,963 shares as a result of stock exchange between EMOBILE and the Company.

The decrease of 45,591 shares in the number of common stocks was due to the retirement of shares of treasury stock.

(Note) 2. The increase of 45,591 shares in treasury stock was due to an increase of 36,800 shares followed by a share purchase demand of a dissenting shareholder pursuant to Paragraph 1, Article 797 of the Companies Act, an increase of 14 shares in a purchase of shares less than one trading unit and an increase of 8,777 shares through market buying.

(Note) 3. The decrease of 45,591 shares in treasury stock was due to the retirement of shares of treasury stock.

2. Share options

Share options as stock options

No outstanding of share options as of March 31, 2011.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Dividend per share (¥)	Record date	Effective date
May 12, 2010 Board meeting	Common stock	868	600	March 31, 2010	June 25, 2010
May 12, 2010 Board meeting	Class 1 preferred stock	42	1,693,438	March 31, 2010	June 25, 2010
May 12, 2010 Board meeting	Common stock	2,609	1,800	June 30, 2010	September 10, 2010
August 4, 2010 Board meeting	Class 1 preferred stock	47	1,862,188	June 30, 2010	September 10, 2010
November 11, 2010 Board meeting	Common stock	692	200	September 30, 2010	December 10, 2010
November 11, 2010 Board meeting	Class 1 preferred stock	47	1,862,188	September 30, 2010	December 10, 2010
February 9, 2011 Board meeting	Common stock	693	200	December 31, 2010	March 11, 2011
February 9, 2011 Board meeting	Class 1 preferred stock	47	1,862,188	December 31, 2010	March 11, 2011

(Note) Dividend amounts per share less than ¥1 are rounded off.

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Source of dividends	Dividend per share (¥)	Record date	Effective date
May 12, 2011 Board meeting	Common stock	693	Retained earnings	200	March 31, 2011	June 27, 2011
May 12, 2011 Board meeting	Class 1 preferred stock	47	Retained earnings	1,862,188	March 31, 2011	June 27, 2011

(Note) Dividend amounts per share less than ¥1 are rounded off.

Fiscal year ended March 31, 2012

1. Matters related to class and total number of shares issued as well as class and number of treasury shares

Class of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase in number of shares during the current fiscal year (shares)	Decrease in number of shares during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued				
Common stock (Note)	3,463,752	1,428	–	3,465,180
Class 1 preferred stock	25	–	–	25
Total	3,463,777	1,428	–	3,465,205
Treasury stock				
Common stock	–	–	–	–
Total	–	–	–	–

(Note) The increase of 1,428 shares in the number of common stocks was due to an increase of 1,428 shares from the exercise of stock options.

2. Share options

Share options as stock options

No outstanding of share options as of March 31, 2012.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Dividend per share (¥)	Record date	Effective date
May 12, 2011 Board meeting	Common stock	693	200	March 31, 2011	June 27, 2011
May 12, 2011 Board meeting	Class 1 preferred stock	47	1,862,188	March 31, 2011	June 27, 2011
August 4, 2011 Board meeting	Common stock	693	200	June 30, 2011	September 12, 2011
August 4, 2011 Board meeting	Class 1 preferred stock	46	1,836,250	June 30, 2011	September 12, 2011
November 4, 2011 Board meeting	Common stock	693	200	September 30, 2011	December 12, 2011
November 4, 2011 Board meeting	Class 1 preferred stock	46	1,836,250	September 30, 2011	December 12, 2011
February 9, 2012 Board meeting	Common stock	693	200	December 31, 2011	March 12, 2012
February 9, 2012 Board meeting	Class 1 preferred stock	46	1,836,250	December 31, 2011	March 12, 2012

(Note) Dividend amounts per share less than ¥1 are rounded off.

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

Resolution	Class of shares	Total amounts of dividends (¥ in millions)	Source of dividends	Dividend per share (¥)	Record date	Effective date
May 11, 2012 Board meeting	Common stock	693	Retained earnings	200	March 31, 2012	June 25, 2012
May 11, 2012 Board meeting	Class 1 preferred stock	46	Retained earnings	1,836,250	March 31, 2012	June 25, 2012

(Note) Dividend amounts per share less than ¥1 are rounded off.

(Notes to statement of cash flows)

* Reconciliation of cash and cash equivalents at the end of the period and the amount recorded in the balance sheets

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Cash and deposits	− (Note)	40,066
Restricted deposits	− (Note)	1,654
Cash and cash equivalents	− (Note)	38,412

(Note) Comparative information related to statement of cash flows are not presented as the Company prepared consolidated statements of cash flows, instead of non-consolidated statements of cash flows, in the previous fiscal year.

(Lease transactions)

1. Finance lease transactions

Lessees' accounting

Finance lease transactions that do not transfer ownership

A. Leased assets

Tangible fixed assets

The above consist of primarily telecommunications equipments in the Fixed Broadband Business (machinery and equipments and terminal equipments)

B. Depreciation method for leased assets

Please refer to Significant Accounting Policies 4. Depreciation method and standards for fixed assets.

2. Operating lease transactions

Lessees' accounting

Future minimum lease payments pertaining to non-cancellable operating lease transactions are summarized as follows.

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Due in one year or less	1,145	1,258
Due after one year	1,389	510
Total	2,535	1,767

(Financial Instruments)

1. Financial Instruments

(1) Policies for using financial instruments

The Company raises necessary funds based on its capital investment plans to conduct its business mainly by bank loans or issuance of bonds. The Company invests temporary cash surpluses in highly liquid and secure financial instruments, and the Company raises short-term funds by bank loans.

The Company also follows the policy of using derivatives not for speculative purposes, but for managing foreign currency exchange risk.

(2) Details of financial instruments used and the exposures to risk

A. Accounts receivable–trade is exposed to customers' credit risk.

B. Securities investments mainly consist of equity securities related to customers and suppliers in relation to business. Some of these securities are exposed to risk of market price fluctuation.

C. With respect to operating debts such as accounts payable–trade and other accounts payable, payment terms are generally less than three months, while payment terms for some accounts payable–facilities are up to six months. Some operating debts are exposed to foreign exchange fluctuation risk because they are denominated in foreign currencies. They are hedged by forward exchange contracts.

D. Loans, bonds and installment obligations are generally for the purpose of funds related to capital expenditure and purchase of terminals. The longest redemption date is eight years from the end of the current fiscal year. Some of them have floating interest rates and are exposed to interest rate fluctuation risk. Bonds denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

E. Derivative transactions are related to forward exchange contracts, which are used to hedge foreign exchange fluctuation risk of operating debt denominated in foreign currencies, and foreign currency swap transactions, which are used to hedge foreign exchange fluctuation risk of bonds denominated in foreign currencies.

With respect to hedging instruments and hedged items, hedging policy and the assessment of the effectiveness of deferred hedge accounting, please refer to Significant Accounting Policies 7. Method for deferred hedge accounting.

(3) Risks relating to financial instruments and the management system thereof

A. Credit risk management (customer's default risk)

At the Company, in order to properly manage operating receivables, in accordance with the credit control policy, the conditions of main business partners are periodically reviewed, and the due dates and outstanding balances for individual business partners are managed. In addition, the Company makes efforts for early identification and mitigation of default risk resulting from factors such as a deterioration in financial conditions.

Because the counterparties to derivative financial instruments are limited to major financial institutions and trading companies, the Company does not anticipate any potential losses arising from the credit risk.

B. Market risk management (foreign currency exchange and interest rate fluctuation risk)

The Company principally uses forward exchange contracts to hedge foreign exchange fluctuation risk. In addition, the Company carries out foreign currency swap transactions to avoid foreign exchange fluctuation risk on corporate bonds denominated in foreign currencies.

With respect to securities investment, the Company identifies and monitors fair market values and financial positions of the issuers on a regular basis and continuously reviews the status of these securities considering credit risk and the relationships with the issuers.

With respect to derivative transactions, when a transaction (including forecasted transaction) which requires risk management arises, a risk manager for derivative transactions makes those involved in the transaction thoroughly aware that it requires risk management, and instructs them how to control and mitigate the risk by identifying the hedging instrument to lower the risk and, if necessary, obtains both Treasurer's and other related management's consent for execution.

C. Liquidity risk management on fund raising (risk of inability to repay at payment due dates)

The Company controls its liquidity risk by preparing and updating payment schedule management plans on a timely basis based on reports from each department, and by maintaining certain levels of liquidity on hand.

(4) Supplemental explanation on the fair value of financial instruments

Fair values of financial instruments include market prices and reasonably estimated values when market prices are unavailable. As variable factors are incorporated into the estimation of the relevant fair value, it may vary depending on the assumptions used.

2. Fair Value of Financial Instruments

Carrying amount, fair value and the difference between them are shown below.

Financial instruments for which it is considered extremely difficult to determine the fair values are excluded from the following table. (See 2.)

As of March 31, 2011

		Amount recorded on the balance sheet (¥ in millions)	Fair value (¥ in millions)	Difference (¥ in millions)
(1)	Cash and deposits	47,080	47,080	–
(2)	Accounts receivable–trade	30,263		
	Allowance for bad debt (*1)	(3,434)		
		26,829	26,829	–
(3)	Accounts receivable–other (*3)	48,545		
	Allowance for bad debt (*2)	(177)		
		48,368	48,299	(68)
(4)	Securities investments			
	Available-for-sale securities	77	77	–
Total assets		122,354	122,286	(68)
(1)	Accounts payable–trade	1,791	1,791	–
(2)	Other accounts payable	10,298	10,298	–
(3)	Accounts payable–facilities	9,218	9,218	–
(4)	Installment obligations (*4)	23,738	23,783	45
(5)	Bonds (*5)	26,688	27,595	906
(6)	Long-term debt (*5)	198,376	198,257	(120)
Total liabilities		270,109	270,941	832
Financial derivative transactions (*6)		26	26	–

(*1) The allowance for bad debt which is individually set up for corresponding accounts receivable–trade is deducted.

(*2) The allowance for bad debt which is individually set up for corresponding accounts receivable–other is deducted.

(*3) The amount includes short-term accounts receivable–other in current assets and long-term accounts receivable–other in investments and other assets.
(*4) The amount includes the current portion of installment obligations in current liabilities and installment obligations in long-term liabilities.
(*5) The amount includes the current maturities of bonds and current portion of long-term debt.
(*6) The values of assets and liabilities arising from financial derivative transactions are shown at net value, and with the amount in parentheses representing net liability position.

As of March 31, 2012

		Amount recorded on the balance sheet (¥ in millions)	Fair value (¥ in millions)	Difference (¥ in millions)
(1)	Cash and deposits	40,066	40,066	–
(2)	Accounts receivable–trade	36,595		
	Allowance for bad debt (*1)	(3,387)		
		33,207	33,207	–
(3)	Accounts receivable–other (*3)	45,588		
	Allowance for bad debt (*2)	(151)		
		45,436	45,398	(38)
(4)	Securities investments			
	Available-for-sale securities	101	101	–
Total assets		118,811	118,773	(38)
(1)	Accounts payable–trade	5,593	5,593	–
(2)	Other accounts payable	20,162	20,162	–
(3)	Accounts payable–facilities	6,718	6,718	–
(4)	Installment obligations (*4)	21,789	21,716	(73)
(5)	Bonds (*5)	69,082	65,583	(3,499)
(6)	Long-term debt (*5)	134,775	135,881	1,105
Total liabilities		258,120	255,653	(2,467)
Financial derivative transactions (*6)		1,146	1,146	–

(*1) The allowance for bad debt which is individually set up for corresponding accounts receivable–trade is deducted.
(*2) The allowance for bad debt which is individually set up for corresponding accounts receivable–other is deducted.
(*3) The amount includes short-term accounts receivable–other in current assets and long-term accounts receivable–other in investments and other assets.
(*4) The amount includes the current portion of installment obligations in current liabilities and installment obligations in long-term liabilities.
(*5) The amount includes the current maturities of bonds and current portion of long-term debt.
(*6) The values of assets and liabilities arising from financial derivative transactions are shown at net value, and with the amount in parentheses representing net liability position.

1. Measurement method of the fair value of financial instruments and matters relating to securities and derivative transactions

   Assets:

   (1) Cash and deposits

   The book value is close to fair value because these items are settled within a short period.

   (2) Accounts receivable–trade

These items take credit risk into consideration by deducting allowances.

(3) Accounts receivable–other

Fair value is measured based on a present value of receivables calculated by classifying receivables, whose credit risk are taken into consideration by deducting allowances, into certain periods and discounting them using relevant yields of Japanese Government Bonds and the periods until maturity.

(4) Securities investments

In relation to the market value of investment securities, for shares the market prices of exchanges are used.

Liabilities

(1) Accounts payable–trade, (2) Other accounts payable, (3) Accounts payable–facilities

The book value is close to fair value because these items are settled within a short period.

(4) Installment obligations

The fair value of installment obligations is calculated by applying a discount rate to the total of scheduled principal and interest. That discount rate is based on the assumed interest rate applicable if a similar new loan was entered into.

(5) Bonds

Applicable market price is used for the fair value. If applicable market price is not available, the discount cash flow method is used to estimate fair value applying duration and credit risk adjusted discount rate to the total of principal and interest of the bonds.

(6) Long-term debt

The fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate applicable if a similar new loan was entered into.

Derivative transactions:

Fair value is measured based on the information obtained from financial institutions and the trading companies with which the Company has forward exchange contracts. Forward exchange contracts that are accounted for by deferred hedge accounting and translated at the foreign exchange rate stipulated in the contract (excluding forecast transactions) are treated as an integral part of accounts payable-trade. As a result, their fair values are included in the fair value of accounts payable-trade.

2. Financial instruments for which it is deemed extremely difficult to measure the fair value

(¥ in millions)

Classification	Holding purpose	As of March 31, 2011	As of March 31, 2012
Non-marketable securities	Securities investment Available-for-sale securities	1,404	1,404
Investment Limited Partnership	Securities of other subsidiaries and affiliated companies	41	35

These are not included in the scope of fair value disclosure as it is deemed difficult to measure the fair value because they are nonmarketable.

3. Planned maturity amounts after the closing date for monetary assets

As of March 31, 2011

	Due within one year (¥ in millions)	Due after one year but within five years (¥ in millions)	Due after five years but within ten years (¥ in millions)	Due after ten years (¥ in millions)
Cash and deposits	47,080	–	–	–
Accounts receivable–trade	30,263	–	–	–
Accounts receivable–other	36,584	11,961	–	–

As of March 31, 2012

	Due within one year (¥ in millions)	Due after one year but within five years (¥ in millions)	Due after five years but within ten years (¥ in millions)	Due after ten years (¥ in millions)
Cash and deposits	40,066	–	–	–
Accounts receivable–trade	36,595	–	–	–
Accounts receivable–other	32,163	13,424	–	–

4. Planned repayment amounts for bond, long-term debt, capital lease obligations and installment obligations after the closing date

Please refer to the sections “Detailed schedule of bonds” and “Detailed schedule of borrowings” in the Supplemental schedules.

(Securities)

1. Securities of other subsidiaries and affiliated companies

As securities of other subsidiaries (the amount recorded on the balance sheet as of March 31, 2012 is ¥35 million and the amount recorded on the balance sheet as of March 31, 2011 is ¥41 million) have no market prices and determining their fair values is deemed extremely difficult, they are not shown here.

2. Available-for-sale securities

As of March 31, 2011

Classification	Type	Amount on balance sheet (¥ in millions)	Acquisition cost (¥ in millions)	Difference (¥ in millions)
Items where value recorded on balance sheet exceeds acquisition cost	Stock	77	46	31
Subtotal		77	46	31
Total		77	46	31

(Note) Unlisted stocks (¥1,404 million recorded on the balance sheet) had no market prices and they were deemed extremely difficult to determine fair values. As a result, they were not included in “Available-for-sale securities” in the above table. As described in “4 Securities impaired,” the Company recognized impairment on these securities and presented the amount of ¥1,404 million after the impairment treatment on the balance sheet.

As of March 31, 2012

Classification	Type	Amount on balance sheet (¥ in millions)	Acquisition cost (¥ in millions)	Difference (¥ in millions)
Items where value recorded on balance sheet exceeds acquisition cost	Stock	101	46	55
Subtotal		101	46	55
Total		101	46	55

(Note) Unlisted stocks (¥1,404 million recorded on the balance sheet) had no market prices and they were deemed extremely difficult to determine fair values. As a result, they were not included in "Available-for-sale securities" in the above table.

3. Available-for-sale securities sold

No items to report

4. Securities impaired

The Company recognized impairment to the amount of ¥2,537 million for available-for-sale securities whose fair values were deemed extremely difficult to determine during the fiscal year ended March 31, 2011.

There were no items to report during the fiscal year ended March 31, 2012.

In applying impairment accounting, when the fair value at the end of the current fiscal year declined by 30% or more compared with acquisition costs, we deemed such decline to be a "considerable decline." If the fair value of equities declined by 50% or more, we recognized impairment on them. When such decline was between 30% and 50%, we recognized impairment on items except those whose fair values were determined to be recoverable.

For equities whose fair values were deemed extremely difficult to determine, when the substantive prices declined by 50% or more compared with the acquisition prices due to the deterioration of financial position of the issuer of the equities, the Company deemed the decline to be a "considerable decline", and recognized impairment on them except in cases where their recoverability was supported by sufficient evidence.

(Derivative transactions)

1. Non-hedged derivative financial instruments

No items to report

2. Hedged derivative financial instruments

Currency-related transactions

For the fiscal year ended March 31, 2011

(¥ in millions)

Transaction type	Type	Hedged items	Contract amount	Portion due over one year	Fair value (Note 1)
Forward exchange contracts are translated at the foreign exchange rates stipulated in the contract	Foreign exchange forward contract Buy contracts				
	USD	Accounts payable–trade	3,441	–	26
	USD	Accounts payable–trade	1,096	–	– (Note 2)
Total			4,536	–	26

(Note 1) The fair values are based on the price quoted by the trading company with which the Company has business transactions.

(Note 2) Forward exchange contracts are accounted for as an integral part of foreign currency denominated payables, which are hedged items. As a result, their fair values are included in the fair value of accounts payable-trade.

For the fiscal year ended March 31, 2012

(¥ in millions)

Transaction type	Type	Hedged items	Contract Amount	Portion due over one year	Fair value (Note 1)
Deferred hedge accounting	Currency swap contract To pay JPY				
	To receive USD	Bonds	34,028	34,028	1,348
	EUR	Bonds	22,961	22,961	(460)
Total			56,988	56,988	888
Forward exchange contracts are translated at the foreign exchange rates stipulated in the contract	Foreign exchange forward contract Buy contracts				
	USD	Accounts payable–trade	4,488	–	258
	USD	Accounts payable–trade	2,631	–	– (Note 2)
Total			7,118	–	258

(Note 1) The fair values are based on the price quoted by the banks and trading company with which the Company has business transactions.

(Note 2) Forward exchange contracts are accounted for as an integral part of foreign currency denominated payables, which are hedged items. As a result, their fair values are included in the fair value of accounts payable-trade.

(Retirement benefits)

Fiscal year ended March 31, 2012
1. Description of retirement benefit plan The Company has adopted a defined contribution pension plan. In some cases, the Company pays extra retirement benefits to employees. 2. Retirement benefit obligations plan There were no applicable matters. 3. The components of retirement benefit expenses (¥ in millions) Contribution paid to defined contribution fund 204 Extra retirement benefits 15 Total of retirement benefit expenses 219

(Stock options)

Fiscal year ended March 31, 2012

1. Description of stock options/Changes in the size of stock options

(1) Description of stock options

Date of resolution	September 10, 2001	February 25, 2002	August 6, 2002
Category and number of people to whom stock options are granted	The Company's Directors: 3 The Company's employees: 197 Qualified supporters: 3	The Company's Directors: 3 The Company's employees: 196	The Company's Directors: 3 The Company's employees: 214
Number of stock options by share type (Note 1, 2)	Common stock 17,535 shares	Common stock 20,690 shares	Common stock 19,210 shares
Grant date	September 30, 2001	March 22, 2002	August 20, 2002
Vesting conditions (Note 3)	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Stock Acquisition Rights Agreement" executed between the Company and the relevant grantee.	Same as on the left	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Share Option Agreement" executed between the Company and the relevant grantee.
Vesting period (Note 3)	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From September 30, 2001 to September 9, 2011	From March 22, 2002 to February 24, 2012	From August 20, 2002 to August 5, 2012

Date of resolution	January 15, 2003	August 12, 2003	June 29, 2004
Category and number of people to whom stock options are granted	The Company's Directors: 3 The Company's employees: 219	The Company's Directors: 4 The Company's employees: 224	The Company's Directors: 10 The Company's Corporate Auditors: 2 The Company's employees: 377
Number of stock options by share type (Note 1, 2)	Common stock 6,815 shares	Common stock 21,975 shares	Common stock 39,230 shares (Note 2)
Grant date	January 16, 2003	August 13, 2003	July 1, 2004
Vesting conditions (Note 3)	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Share Option Agreement" executed between the Company and the relevant grantee.	Same as on the left	Same as on the left
Vesting period (Note 3)	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From January 16, 2003 to January 14, 2013	From August 13, 2003 to August 11, 2013	From July 1, 2004 to June 28, 2014

Date of resolution	June 29, 2004	June 22, 2005	June 22, 2005
Category and number of people to whom stock options are granted	The Company’s employees: 6 Outside consultant: 1	The Company’s Directors: 10 The Company’s Corporate Auditors: 2 The Company’s employees: 423	The Company’s employees: 4 Outside consultant: 1
Number of stock options by share type (Note 1)	Common stock 495 shares	Common stock 46,450 shares	Common stock 1,050 shares
Grant date	August 18, 2004	July 1, 2005	August 25, 2005
Vesting conditions (Note 3)	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the “Share Option Agreement” executed between the Company and the relevant grantee.	Same as on the left	Same as on the left
Vesting period (Note 3)	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From August 18, 2004 to August 9, 2014	From July 1, 2005 to June 21, 2015	From August 25, 2005 to June 22, 2015

Date of resolution	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)
Category and number of people to whom stock options are granted	The Company's Director: 1 The Company's employees: 170 The Company's subsidiary's Directors: 2 The Company's subsidiary's employees: 146 Outside consultants: 11	The Company's Director: 1 The Company's employees: 184 The Company's subsidiary's Directors: 2 The Company's subsidiary's employees: 168 Outside consultants: 10	The Company's employees: 48 The Company's subsidiary's employees: 43 Outside consultants: 8
Number of stock options by share type (Note 5)	Common stock 16,818 shares	Common stock 65,258 shares	Common stock 4,343 shares
Grant date	July 1, 2010	July 1, 2010	July 1, 2010
Vesting conditions	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Share Option Agreement" executed between the Company and the relevant grantee.	Same as on the left	Same as on the left
Vesting period	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From July 1, 2010 to August 10, 2015	From July 1, 2010 to February 27, 2016	From July 1, 2010 to April 24, 2016

Date of resolution	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)
Category and number of people to whom stock options are granted	The Company's subsidiary's Directors: 2 Outside consultant: 1	The Company's employees: 23 The Company's subsidiary's Directors: 2 The Company's subsidiary's employees: 42 Outside consultants: 10	The Company's employees: 38 The Company's subsidiary's Directors: 2 The Company's subsidiary's employees: 71 Outside consultants: 4
Number of stock options by share type (Note 5)	Common stock 216 shares	Common stock 2,776 shares	Common stock 3,615 shares
Grant date	July 1, 2010	July 1, 2010	July 1, 2010
Vesting conditions	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Share Option Agreement" executed between the Company and the relevant grantee.	Same as on the left	Same as on the left
Vesting period	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From July 1, 2010 to August 30, 2016	From July 1, 2010 to December 11, 2016	From July 1, 2010 to April 19, 2017

Date of resolution	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)	June 24, 2010 (Note 4)
Category and number of people to whom stock options are granted	The Company's Director: 1 The Company's employees: 60 The Company's subsidiary's Directors: 7 The Company's subsidiary's Corporate Auditor: 1 The Company's subsidiary's employees: 166 Outside consultants: 8	The Company's employees: 115 The Company's subsidiary's Director: 1 The Company's subsidiary's Corporate Auditor: 1 The Company's subsidiary's employees: 199 Outside consultant: 1	Outside consultant: 1
Number of stock options by share type (Note 5)	Common stock 27,157 shares	Common stock 7,753 shares	Common stock 72 shares
Grant date	July 1, 2010	July 1, 2010	July 1, 2010
Vesting conditions	Grantees are to hold the position of Director or employee of the Company or of the group companies during the period between grant date and vested date. Other conditions are to be stipulated in the "Share Option Agreement" executed between the Company and the relevant grantee.	Same as on the left	Same as on the left
Vesting period	From grant date to vested date	Same as on the left	Same as on the left
Exercise period	From July 1, 2010 to June 26, 2018	From July 1, 2010 to June 30, 2019	From July 1, 2010 to August 25, 2019

(Notes) 1. The number of stock options is translated into the number of shares.

2. In consideration of the share split (1 : 5) effected on September 21, 2004, the number of shares shows the converted number after the split.

3. A certain number of stock options granted become exercisable when two years pass from the grant date and the number of stock options to become exercisable increases piecemeal annually after the two years pass. All the stock options will become exercisable once a period of four years has passed. However, under certain circumstances prescribed in the "Share Option (Stock Acquisition Rights) Agreement," all the stock options will be exercisable even when the two-year period passes or during the one-year period after the two-year period passes.

4. These are stock options transferred from EMOBILE upon the share exchange.

5. The shares that are for the purpose of stock options are all 1.45 shares of common stock. The numbers in "Number of stock options by share type" show the total numbers of shares for all grantees, obtained by multiplying by 1.45 the number of all stock options held by grantees as of July 1, 2010, with amounts of less than one share rounded down.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2012. The number of stock options is translated into the number of shares.

A. Number of stock options

Date of resolution	September 10, 2001	February 25, 2002	August 6, 2002
Share options which are not yet vested (shares):			
As of March 31, 2011	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share options which have already been vested (shares):			
As of March 31, 2011	565	615	985
Vested	–	–	–
Exercised	80	55	80
Forfeited	485	560	5
Balance of options not exercised	–	–	900

Date of resolution	January 15, 2003	August 12, 2003	June 29, 2004
Share options which are not yet vested (shares):			
As of March 31, 2011	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share options which have already been vested (shares):			
As of March 31, 2011	285	3,115	32,490
Vested	–	–	–
Exercised	5	545	–
Forfeited	–	25	295
Balance of options not vested	280	2,545	32,195

Date of resolution	June 29, 2004	June 22, 2005	June 22, 2005
Share options which are not yet vested (shares):			
As of March 31, 2011	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share options which have already been vested (shares):			
As of March 31, 2011	365	37,562	625
Vested	–	–	–
Exercised	–	–	–
Forfeited	–	885	–
Balance of options not vested	365	36,677	625

Date of resolution	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)
Share options which are not yet vested (shares) (Note 2):			
As of March 31, 2011	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share options which have already been vested (shares) (Note 2):			
As of March 31, 2011	14,243	64,771	4,336
Vested	–	–	–
Exercised	663	–	–
Forfeited	346	1,040	331
Balance of options not vested	13,234	63,731	4,005

Date of resolution	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)
Share options which are not yet vested (shares) (Note 2):			
As of March 31, 2011	–	–	1,131
Granted	–	–	–
Forfeited	–	–	7
Vested	–	–	1,124
Balance of options not vested	–	–	–
Share options which have already been vested (shares) (Note 2):			
As of March 31, 2011	216	2,762	2,402
Vested	–	–	1,124
Exercised	–	–	–
Forfeited	–	135	72
Balance of options not vested	216	2,627	3,527

Date of resolution	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)	June 24, 2010 (Note 1)
Share options which are not yet vested (shares) (Note 2):			
As of March 31, 2011	16,355	6,984	72
Granted	–	–	–
Forfeited	114	223	–
Vested	10,149	1,766	18
Balance of options not vested	5,939	4,736	53
Share options which have already been vested (shares) (Note 2):			
As of March 31, 2011	10,376	–	–
Vested	10,149	1,766	18
Exercised	–	–	–
Forfeited	100	24	–
Balance of options not vested	20,621	1,742	18

(Notes) 1. These are stock options transferred from EMOBILE upon the share exchange transaction.

2. The shares that are for the purpose of stock options are all 1.45 shares of common stock. The numbers show the total numbers of shares for all grantees, with amounts of less than one share rounded down, obtained by multiplying by 1.45 the respective numbers of all stock options held by grantees that are yet to be vested and those that have already been vested .

B. Per share prices

Date of resolution	September 10, 2001	February 25, 2002	August 6, 2002
Exercise price (¥)	24,000	24,000	24,000
Average market price per share upon exercise (¥)	35,966	40,043	37,548
Fair value per share at grant date (¥)	–	–	–

Date of resolution	January 15, 2003	August 12, 2003	June 29, 2004
Exercise price (¥)	24,000	24,000	139,000
Average market price per share upon exercise (¥)	47,264	37,626	–
Fair value per share at grant date (¥)	–	–	–

Date of resolution	June 29, 2004	June 22, 2005	June 22, 2005
Exercise price (¥)	134,410	76,565	80,168
Average market price per share upon exercise (¥)	–	–	–
Fair value per share at grant date (¥)	–	–	–

Date of resolution	June 24, 2010 (Note)	June 24, 2010 (Note)	June 24, 2010 (Note)
Exercise price (¥)	34,482	51,724	58,620
Average market price per share upon exercise (¥)	38,467	–	–
Fair value per share at grant date (¥)	–	–	–

Date of resolution	June 24, 2010 (Note)	June 24, 2010 (Note)	June 24, 2010 (Note)
Exercise price (¥)	58,620	58,620	82,758
Average market price per share upon exercise (¥)	–	–	–
Fair value per share at grant date (¥)	–	–	–

Date of resolution	June 24, 2010 (Note)	June 24, 2010 (Note)	June 24, 2010 (Note)
Exercise price (¥)	82,758	82,758	82,758
Average market price per share upon exercise (¥)	–	–	–
Fair value per share at grant date (¥)	–	–	–

(Note) These are stock options transferred from EMOBILE upon the share exchange transaction.

(Tax Effect Accounting)

1. Major breakdown of deferred tax assets and liabilities

(¥ in millions)

	As of March 31, 2011	As of March 31, 2012
Deferred tax assets		
Accrued business taxes	19	39
Accrued expenses	443	928
Accounts receivable-other	366	–
Allowance for bad debt	1,511	1,314
Terminal related valuation loss	2,035	1,731
Depreciation and amortization	2,058	1,918
Securities investment	1,035	925
Loss carried forward	41,452	32,869
Others	369	207
Total gross deferred tax assets	49,289	39,930
Deferred tax liabilities		
Deferred gains or losses on hedges	–	(596)
Valuation adjustment on securities investment	–	(20)
Others	–	(189)
Total gross deferred tax liabilities	–	(805)
Valuation allowance	(29,320)	(16,573)
Net deferred tax assets	19,969	22,552

2. Major breakdown of the cause of differences between the statutory tax rate and the Company's effective tax rate after applying tax effect accounting

	As of March 31, 2011	As of March 31, 2012
Statutory tax rate	40.7%	40.7%
(Adjustments)		
Loss on extinguishment of tie-in shares	(55.9)%	–
Increase (decrease) in valuation allowance	63.0%	(86.8)%
Downward revision of deferred tax assets due to changes in tax rate	–	19.8%
Others	0.0%	(0.3)%
Effective tax rate after applying tax effect accounting	47.8%	(26.6)%

3. Adjustment of deferred tax assets and liabilities due to changes in tax rate of income taxes, etc.

In line with the promulgation of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (2011 Act No. 114) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake” (2011 Act No. 117) on December 2, 2011, the income tax rate was reduced and special income tax for reconstruction was imposed from the fiscal year beginning on or after April 1, 2012. Accordingly, the statutory effective tax rate applied to calculation of deferred tax assets and liabilities was changed to 38.0% for a temporary difference which is expected to be reversed from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and 35.6% for a temporary difference which is expected to be reversed for the fiscal years beginning on or after April 1, 2015, respectively, from the current effective tax rate of 40.7%.

As a result, deferred tax assets decreased by ¥2,388 million (deferred tax liabilities decreased by ¥98 million) and income tax expense-deferred, valuation adjustment on securities investments and deferred gains or losses on hedges increased by ¥2,371 million, ¥3 million and ¥78 million, respectively.

In addition, in the system for loss carry-forward, a ceiling of 80% of taxable income before loss carry-forward has been introduced for loss carry-forward in the fiscal years beginning on or after April 1, 2012. Thus, deferred tax assets decreased by ¥4,781 million and income tax expense-deferred increased by ¥4,781 million.

(Business combination)
Fiscal year ended March 31, 2012
(Notes on reverse acquisition)
The Company implemented a share exchange with the effective date of July 1, 2010, which turned the Company into the wholly owning parent company and EMOBILE into the wholly owned subsidiary. This share exchange falls under the category of business combination through reverse acquisition in which EMOBILE became the acquiring company and the Company became the acquired company. The Company also implemented an absorption-type merger with the effective date of March 31, 2011 in which the Company became the surviving company and EMOBILE became the dissolving company. Since no consolidated subsidiary exists as a result of the merger, the Company does not prepare consolidated financial statements. Moreover, for the non-consolidated financial statements, the Company recorded the assets and liabilities of EMOBILE, the acquiring company, based on the fair book values determined on the day preceding the merger (the purchase method was not applied).
Therefore, an outline of the business combination through reverse acquisition that was implemented in the fiscal year in which the business combination occurred and the impact that it would have had on the non-consolidated financial statements should the purchase method have been applied to the acquired company (the Company) are presented below.

1. Outline of the business combination through reverse acquisition that was implemented in the fiscal year in which the business combination occurred

(1) Name of the acquiring company and the description of its business
EMOBILE Ltd.: Mobile communication business
The Company implemented a share exchange which turned the Company into the wholly owning parent company and EMOBILE into the wholly owned subsidiary. This share exchange falls under the category of "reverse acquisition" in a business combination in which EMOBILE became the acquiring company and the Company became the acquired company.
The Company also implemented an absorption-type merger with the effective date of March 31, 2011 in which the Company (the acquired company) became the surviving company and EMOBILE (the acquiring company) became the dissolving company. This merger was accounted for as a transaction under common control.

(2) Purpose of the business combination
The Company and EMOBILE have determined that in order to accelerate promotion of the two companies' corporate value, it is necessary to make efficient investment as a Group possible with the profits generated by two companies as financial resources, and to centralize decision making of the Company and EMOBILE in order to proactively and promptly deal with the change of business environment. For this purpose, the Company and EMOBILE has come to a belief that the best course of action is to implement the share exchange.

(3) Date of business combination
July 1, 2010

(4) Method of business combination
Business combination was completed by way of share exchange through which the Company became the wholly owning parent company, and EMOBILE became the wholly owned subsidiary.

(5) Company name after the business combination
No change in the company name after the share exchange

(6) Percentage of voting rights acquired
100%

(7) Basis of determining the acquiring company
EMOBILE has been determined as the acquiring company taking into account the voting rights ratio of the shareholders of the Company and EMOBILE after the share exchange, comparable size of the business of each entity, such as total assets and revenue, and importance of and the potential growth of the business.

2. Differences should the purchase method have been applied to the acquired company
(1) Items in balance sheet as of March 31, 2012

	(¥ in millions)
Current assets	–
Fixed assets	7,903
Deferred assets	(265)
Total assets	7,638
Current liabilities	–
Long-term liabilities	–
Total liabilities	–
Net assets	7,638

(Note) Goodwill of ¥7,903 million is included in the above fixed assets and total assets, amortized by the straight-line method over the period of time the effect is estimated to take place (10 years).

(2) Items in statements of operations for the fiscal year ended March 31, 2012

	(¥ in millions)
Revenue	–
Operating profit	(958)
Recurring profit	(866)
Income before income taxes	(866)
Net income	(866)
Net income per share (¥)	(249.88)

(Note) Amortization of goodwill of ¥958 million is included in the above operating profit.

(Asset retirement obligations)
1. Asset retirement obligations recorded on balance sheets
(1) Outline of asset retirement obligations
Regarding ADSL telecommunications equipments for which space is leased in NTT's telephone central offices and some wireless telecommunications equipments that are installed in wireless base offices, we make a reasonable estimate of removal costs for such telecommunications equipments that occur, based on real estate rental agreements, when the equipments are removed, and record them as asset retirement obligations.

(2) Calculation method for amount of asset retirement obligations

The amount of asset retirement obligations is calculated using an estimated one year to nine years from acquisition for the expected usage period until the occurrence of the expenditure, with a discount rate of 0.1% to 1.2%.

(3) Increase (decrease) in total amount of asset retirement obligations

(¥ in millions)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Balance as of the beginning of the period (Note 1)	49	346
Increase associated with acquisition of tangible fixed assets	–	35
Adjustments to interest	0	3
Increase (decrease) due to change in accounting estimates (Note 2)	8	(21)
Decrease due to payments for asset retirement obligations	–	(39)
Increase due to merger	290	–
Balance as of the end of the period	346	324

(Note 1) The amount for the fiscal year ended March 31, 2011 represents the balance as of the beginning of the period after adoption of the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

(Note 2) In the fiscal year ended March 31, 2011, estimated unit prices and others used to calculate asset retirement obligations were changed.

2. Asset retirement obligations not recorded on balance sheets

The Company has the obligation to restore data centers and some telecommunications equipments to their original conditions based on lease agreements. Since it is difficult to relocate or remove these facilities while continuing our operations, and it is deemed highly improbable for us to perform said obligation, asset retirement obligations for these facilities are not recorded at March 31, 2012.

(Segment information)
[Segment information]
Fiscal year ended March 31, 2012

1. Outline of reporting segment
   The reporting segment of the eAccess Group refers to units of the Group for which separate financial information is available and for which the board of directors periodically considers decisions on the allocation of management resources and the measurement of operating results.
   The eAccess Group deems two businesses as its reporting segments: “Mobile Business” and “Fixed Broadband Business”.
   The Mobile Business provides mobile broadband communication services, and conducts development and sales of communication terminal devices. The Fixed Broadband Business provides high speed Internet access services and ISP services.

2. Calculation of sales, profit or loss, assets, liabilities and amounts of other items for each reporting segment
   Accounting treatment for the reported business segments are almost identical to that described in “Significant Accounting Policies”.
   The income for a reporting segment is based on the operating profit.
   Intersegment internal revenue and transferred amounts are based on the prevailing market prices.

Fiscal year ended March 31, 2012

(¥ in millions)

	Reporting segment		Total	Adjustment (Note 1)	Amount on financial statements
	Mobile Business	Fixed Broadband Business			
Net sales					
Outside net revenue	160,069	44,674	204,743	–	204,743
Intersegment sales or transferred amounts	–	–	–	–	–
Total	160,069	44,674	204,743	–	204,743
Segment profit	9,637	14,804	24,441	–	24,441
Segment assets	259,745	15,882	275,626	76,686	352,312
Other items					
Depreciation and amortization	33,323	4,367	37,690	–	37,690
Increase in tangible fixed assets and intangible fixed assets	29,662	3,402	33,064	170	33,233

(Note) 1. The details of “Adjustment” are as follows.

Segment assets (¥ in millions)

	Current fiscal year
Corporate assets (Note)	76,686
Total	76,686

(Note) Corporate assets mainly consist of current assets (cash and deposits), deferred tax assets, long-term investment funds (securities investments) and assets related to administration department, which are not attributable to any reporting segment. Depreciation expenses of tangible fixed assets and intangible fixed assets, which were included in corporate assets, were allocated to each reporting segment.

The amount of ¥170 million indicated as adjustment of increase in tangible fixed assets and intangible fixed assets refers to ¥170 million of corporate assets not attributable to any reporting segments, such as headquarters buildings.

[Related information]
Fiscal year ended March 31, 2012

1. Information by product and service

Information by product and service is not shown since similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

Information on net sales by region is not shown since the net sales to external customers in Japan exceeds 90% of the amount of revenue on the statements of operations.

(2) Tangible fixed assets

Information on tangible fixed assets by region is not shown since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheets.

3. Information by major customer

(¥ in millions)

Name of customer or individual	Revenue	Related business segment
SOFTBANK MOBILE Corp.	32,675	Mobile Business, Fixed Broadband Business

[Impairment losses on fixed assets for each reporting segment]
Fiscal year ended March 31, 2012
No items to report

[Amortization of goodwill for each reporting segment and information related to unamortized balances]
Fiscal year ended March 31, 2012
No items to report

[Gains on negative goodwill for each reporting segment]
Fiscal year ended March 31, 2012
No items to report

(Per share information)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net assets per share	¥20,347.74	¥24,190.80
Net (loss)/ income per share	¥(6,207.28)	¥4,320.98
Diluted net income per share	Information is not shown due to net loss per share in the fiscal year.	¥4,167.80

(Note) 1. Basis of calculation of net assets per share is as follows:

	As of March 31, 2011	As of March 31, 2012
Total amounts of net assets (¥ in millions)	73,026	86,371
Amount deducted from total net assets (¥ in millions)	2,547	2,546
[Amount paid for preferred stock] (¥ in millions)	[2,500]	[2,500]
[Cash dividends paid for preferred stock] (¥ in millions)	[47]	[46]
Net assets attributable to common shares at the end of the fiscal year (¥ in millions)	70,480	83,825
Number of common stock used to calculate net assets per share (shares)	3,463,752	3,465,180

(Note) 2. Basis of calculation of net income/ (loss) per share and diluted net income per share are as follows:

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net (loss)/ income per share		
Net (loss)/income (¥ in millions)	(18,228)	15,156
Amounts not attributable to common shareholders (¥ in millions)	186	184
[Cash dividends paid for preferred stock] (¥ in millions)	[186]	[184]
Net (loss)/income related to common stock (¥ in millions)	(18,414)	14,972
Average number of shares during the period (shares)	2,966,548	3,464,940
Diluted net income per share		
Adjusted net income (¥ in millions)	–	199
[Interest expense (after deducting the amount equivalent to taxes)] (¥ in millions)	–	[199]
Increase in the number of common shares (shares)	–	175,004
[Share options] (shares)	–	532
[Corporate bonds with share options] (shares)	–	174,472
Outline of potential shares which were not used for calculating diluted net income per share as they did not have any dilutive effect	Share options (stock option) 200,508 Corporate bonds with share options 195,647	Share options (stock option) 190,688

(Significant subsequent events)

1. Grant of stock options

The Company resolved at the annual shareholders meeting held on June 22, 2012, and at a board meeting held on the same day, to issue stock options (share options) to the Directors, Corporate Auditors and employees of the Company.

(1) Class of stock to be issued	Common stock
(2) Those entitled to be granted share options	Those, among 4 Directors, 4 Corporate Auditors and 1,215 employees of the Company, who have applied to subscribe the share options
(3) Number of shares underlying the share options	57,939 shares
(4) Allotment date of share options	July 1, 2012
(5) Exercise price	The amount to be paid when the share options are exercised shall be the amount derived by multiplying the average price of the closing price of the common stocks of the Company at the Tokyo Stock Exchange, Inc. for each business day of the month preceding the month to which the date of issuance of share options belongs (excluding days when no transaction is agreed upon) by 1.05. Amounts less than ¥100 shall be rounded down; provided that when the amount is below the closing price on the conclusion date of the Share Option Agreement (when no transaction is agreed upon, the closing price on the day immediately preceding the date), the closing price shall be used.
(6) Exercise period of share options	July 1, 2012 to June 22, 2022 However, the exercise shall be subject to the restrictions specified in the Share Option Agreement.

2. Acquisition and retirement of shares of treasury stock (preferred stock)

The Company resolved at the board meeting held on June 22, 2012, to cancel, pursuant to the provisions of Article 178 of the Companies Act, all the Class 1 preferred shares of treasury stock that are scheduled to be acquired and owned by the Company in response to the request to the Company by Class 1 preferred shareholders to acquire them.

(1)	Acquisition price	¥110,958,070 per share
	This amount is the total of the issue price equivalent (¥100,000,000) and the amount derived by multiplying the issue price equivalent by 3.0% on an annualized rate (annual compounding) for the period between the payment date and the date prior to the acquisition date (¥10,958,070).	
(2)	Total acquisition price	¥2,773,951,754
(3)	Class of stock to be acquired and cancelled	Class 1 preferred stock
(4)	Number of shares to be acquired and cancelled	25 shares
(5)	Method of cancellation	Reduction in other retained earnings
(6)	Date of acquisition	July 2, 2012
(7)	Date of cancellation of Class 1 preferred shares	July 2, 2012

E. Supplemental schedules

[Detailed schedule of securities]

As the amount of securities is less than 1% of total assets, a detailed schedule of securities is not disclosed in accordance with the provision of Article 124 of the Regulations for Non-Consolidated Financial Statements.

[Detailed schedule of tangible fixed assets, etc.]

(¥ in millions)

Type of assets	Balance as of April 1, 2011	Increase in the fiscal year ended March 31, 2012	Decrease in the fiscal year ended March 31, 2012	Balance as of March 31, 2012	Accumulated depreciation or amortization as of March 31, 2012	Depreciation or amortization for the fiscal year ended March 31, 2012	Carrying value as of March 31, 2012
Tangible fixed assets							
Buildings	1,726	123	0	1,848	853	165	996
Structures	17,270	896	9	18,157	2,068	606	16,089
Machinery and equipments	51,502	3,355	72	54,785	46,409	3,774	8,377
Wireless telecommunications equipments	157,214	23,408	261	180,361	64,828	18,498	115,533
Terminal equipments	8,960	238	456	8,743	7,876	1,399	867
Tools, furniture and fixtures	5,498	742	260	5,980	4,937	716	1,043
Land	307	0	–	307	–	–	307
Construction in progress	4,851	27,124	26,965	5,009	–	–	5,009
Total tangible fixed assets	247,327	55,887	28,023	275,191	126,971	25,158	148,220
Intangible fixed assets							
Right of trademark	10	–	–	10	4	1	6
Software	62,344	6,294	5	68,633	43,483	11,964	25,151
Right of using facilities	14,969	1,111	–	16,080	1,843	756	14,237
Software in progress	3,077	6,272	8,239	1,111	–	–	1,111
Total intangible fixed assets	80,400	13,678	8,244	85,834	45,330	12,721	40,504
Long-term prepaid expenses	6,038	1,691	200	7,530	1,917	1,709	5,613
Deferred assets							
Bond issuance cost	503	991	–	1,495	375	238	1,119
Total deferred assets	503	991	–	1,495	375	238	1,119

(Notes) 1. The major components of the increase in the fiscal year ended March 31, 2012 are as follows:

(¥ in millions)

Structures	Relay tower facilities, etc.	624
Machinery and equipments	Increase of communications equipments	3,355
Wireless telecommunications equipments	Wireless telecommunications equipments related to provision of data communication services and voice services	23,408
Terminal equipments	Increase of premises equipments	238
Construction in progress	Wireless telecommunications equipments related to provision of data communication services and voice services, etc.	27,124
Software	Software related to telecommunications software and customer management systems, etc.	5,480
	Software related to ADSL and transmission telecommunications equipments	814
Software in progress	Software related to telecommunications software and customer management systems, etc.	6,272

2. The major component of the decrease in the fiscal year ended March 31, 2012 is as follows:

Wireless telecommunications equipments	Disposal due to abolishment of base station	146

3. Amount of accumulated impairment loss is included in "Accumulated depreciation or amortization as of March 31, 2012".

[Detailed schedule of bonds]

(¥ in millions)

Description	Date of issuance	Balance as of April 1, 2011	Balance as of March 31, 2012	Interest rate (%)	Collateral	Maturity
Second Series Unsecured Straight Bonds	March 24, 2005	9,000 (9,000)	– (–)	2.75	None	March 26, 2012
Third Series Unsecured Straight Bonds	June 30, 2009	1,515 (990)	525 (525)	0.81	None	June 29, 2012
Fourth Series Unsecured Straight Bonds	September 30, 2009	1,713 (858)	855 (855)	0.90	None	March 29, 2013
Fifth Series Unsecured Straight Bonds	July 30, 2010	200	200	1.95	None	–
Sixth Series Unsecured Straight Bonds	September 30, 2010	400 (200)	200 (200)	0.66	None	March 29, 2013
Euroyen Convertible Bonds due 2011 (Note 2)	June 28, 2004	3,000 (3,000)	– (–)	0.00	None	June 28, 2011
Euroyen Convertible Bonds due 2016 (Note 3)	December 29, 2009	10,860	10,822	3.50	None	December 15, 2016
US Dollar Straight Bonds due 2018	April 1, 2011	–	34,520	8.250	None	April 1, 2018
Euro Straight Bonds due 2018	April 1, 2011	–	21,960	8.375	None	April 1, 2018
Total	–	26,688 (14,048)	69,082 (1,580)	–	–	–

(Notes) 1. The amounts in parentheses represent the amounts scheduled to be redeemed within one year.
2. Euroyen Convertible Bonds due 2011 were redeemed and had no balance as of March 31, 2012.

3. The following table shows the details of Euroyen Convertible Bonds due 2016.

Type of shares to be issued upon exercise of share options	eAccess Ltd. common stock
Issue price	Without contribution
Exercise price	¥ 64,709
Total exercise price	¥10,645 million
Upon exercise of the share options, total exercise price to be credited to common stock	¥ – million
Ratio	100%
Exercise period	From January 12, 2010 to December 1, 2016
Substitutive deposits	(Note)

(Note) Bonds in respect of the relevant share options shall be contributed upon exercise of each share option, and the price of the relevant bonds shall be equal to the principal amount of the bonds.

4. Aggregate annual maturities of bonds for five years subsequent to March 31, 2012

(¥ in millions)

Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
1,580	–	–	–	10,645

[Detailed schedule of borrowings]

(¥ in millions)

Category	Balance as of April 1, 2011	Balance as of March 31, 2012	Average interest rate (%)	Maturity
Current portion of long-term debt	20,712	29,099	3.34	–
Current portion of capital lease obligations	696	185	2.64	–
Long-term debt (excluding current portion)	177,665	105,676	3.59	2013 to 2020
Capital lease obligations (excluding current portion)	194	9	2.60	2013 to 2015
Other interest-bearing debts				
Current portion of installment obligations	14,031	14,430	4.36	–
Installment obligations (excluding current portion)	9,707	7,359	4.26	2013 to 2015
Total	223,004	156,758	–	–

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the year-end balance.

2. The following table shows the aggregate annual maturities of long-term debt, capital lease obligations and installment obligations (excluding the current portion) for 5 years subsequent to March 31, 2012.

(¥ in millions)

Category	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years
Long-term debt	30,915	37,165	26,427	5,009
Capital lease obligations	8	0	–	–
Installment obligations	6,255	1,104	–	–

[Detailed schedule of allowance]

(¥ in millions)

Category	Balance as of April 1, 2011	Increase in the fiscal year ended March 31, 2012	Decrease in the fiscal year ended March 31, 2012 (used for intended purpose)	Decrease in the fiscal year ended March 31, 2012 (others)	Balance as of March 31, 2012
Allowance for bad debt	3,520	3,457	733	2,787	3,457
Allowance for bad debt (long-term)	190	174	18	173	174
Total allowance for bad debt	3,710	3,630	750	2,960	3,630
Allowance for loss on disaster	77	–	74	2	–

(Notes) 1. "Decrease in the fiscal year ended March 31, 2012 (others)" for allowance for bad debt reflects the reversal of the balance of the account as of the end of the previous year.

2. "Decrease in the fiscal year ended March 31, 2012 (others)" for allowance for loss on disaster reflects a reversal thereof.

[Detailed schedule of asset retirement obligations]

As the amount of asset retirement obligations at the beginning and end of the fiscal year is less than 1% of total of liabilities and net assets at the beginning and end of the fiscal year, a detailed schedule of asset retirement obligations is not disclosed in accordance with the provision of Article 125-2 of the Regulations for Non-Consolidated Financial Statements.

(2) Details of major assets and liabilities of the Company

A. Assets

a. Cash and deposits

(¥ in millions)

Category		Amounts
Cash		0
Deposits	Checking accounts	1,654
	Savings accounts	33,993
	Foreign currency savings accounts	252
	Postal savings	24
	Special deposits	42
	Time deposits	4,100
	Sub-total	40,066
Total		40,066

b. Accounts receivable–trade

Breakdown by customers

(¥ in millions)

Customers	Amounts
Individual customers	8,421
SOFTBANK MOBILE Corp.	8,351
RANET Co., Ltd.	1,835
KDDI CORPORATION	1,513
NTT Communications Corporation	1,268
Others	15,206
Total	36,595

Generation, collection and retention of accounts receivable–trade

(¥ in millions)

Balance as of April 1, 2011	Generation in the fiscal year ended March 31, 2012	Collection during the fiscal year ended March 31, 2012	Balance as of March 31, 2012	Ratio of collection (%)	Retention period (day)
(A)	(B)	(C)	(D)	$\frac{(C)}{(A)+(B)} \times 100$	$\frac{((A)+(D))/2}{(B)/366}$
30,263	214,980	208,649	36,595	85.1	56.9

(Note) Generation in the fiscal year includes consumption taxes and others.

c. Merchandise

(¥ in millions)

Category	Amounts
Mobile devices	4,415
Total	4,415

d. Supplies

(¥ in millions)

Category	Amounts
Mobile devices	9
Sales promotion materials	66
Total	75

e. Accounts receivable–other

(¥ in millions)

Customers	Amounts
Individual customers	32,053
Commuture Corp.	24
Huawei Technologies Japan K.K.	22
HTC Corporation	19
DAIMEI TELECOM ENGINEERING CORP.	19
Others	27
Total	32,163

B. Liabilities

a. Accounts payable–trade

(¥ in millions)

Vendors	Amounts
Huawei Technologies Japan K.K.	1,929
Nippon Telegraph and Telephone East Corporation	546
NTT Communications Corporation	505
NEC AccessTechnica, Ltd.	422
Nippon Telegraph and Telephone West Corporation	367
Others	1,824
Total	5,593

b. Other accounts payable

(¥ in millions)

Vendors	Amounts
SOFTBANK MOBILE Corp.	3,473
Yodobashi Camera Co., Ltd.	1,748
JAPANET TAKATA Co., Ltd.	1,427
Individual customers	1,063
DAIMEI TELECOM ENGINEERING CORP.	807
Others	11,644
Total	20,162

c. Current portion of long-term debt

(¥ in millions)

Lenders	Amounts
Mizuho Bank, Ltd.	18,750
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	928
BNP Paribas S.A.	2,878
Crédit Agricole Corporate and Investment Bank	210
Syndicated Loan (Note)	6,333
Total	29,099

(Note) Syndicated loan represents a joint financing loan facility arranged by thirty-two financial institutions in total, including Mizuho Bank, Ltd., ING Bank N.V., Tokyo Branch, Crédit Agricole Corporate and Investment Bank, Tokyo Branch, Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd. and U.B.S. AG, Tokyo Branch, which are Mandated Lead Arrangers and Bookrunners.

d. Current maturities of bonds

(¥ in millions)

Description	Amounts
Third Series Unsecured Straight Bonds (private placement bond with bank guarantee)	525
Fourth Series Unsecured Straight Bonds (private placement bond with bank guarantee)	855
Sixth Series Unsecured Straight Bonds (private placement bond with bank guarantee)	200
Total	1,580

e. Bonds, less current maturities

(¥ in millions)

Description	Amounts
Fifth Series Unsecured Straight Bonds	200
Euroyen Convertible Bonds due 2016	10,822
US Dollar Straight Bonds due 2018	34,520
Euro Straight Bonds due 2018	21,960
Total	67,502

f. Long-term debt, less current portion

(¥ in millions)

Lenders	Amounts
Mizuho Bank, Ltd.	76,762
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,400
BNP Paribas S.A.	16,938
Crédit Agricole Corporate and Investment Bank	1,576
Total	105,676

(3) Other

Quarterly information, etc. for the fiscal year ended March 31, 2012

(Cumulative period)	1st Quarter (From April 1, 2011 to June 30, 2011)	2nd Quarter (From April 1, 2011 to September 30, 2011)	3rd Quarter (From April 1, 2011 to December 31, 2011)	4th Quarter (From April 1, 2011 to March 31, 2012)
Revenue (¥ in millions)	47,605	96,592	149,124	204,743
Income before income taxes (¥ in millions)	3,167	7,079	9,582	11,970
Net income (¥ in millions)	3,166	7,070	5,501	15,156
Net income per share (¥)	900.63	2,014.22	1,547.99	4,320.98

(Fiscal period)	1st Quarter (From April 1, 2011 to June 30, 2011)	2nd Quarter (From July 1, 2011 to September 30, 2011)	3rd Quarter (From October 1, 2011 to December 31, 2011)	4th Quarter (From January 1, 2012 to March 31, 2012)
Net income per share (¥)	900.63	1,113.56	(466.10)	2,772.84

Independent Auditor's Report

To the Board of Directors of eAccess Ltd.:

We have audited the accompanying financial statements of eAccess Ltd., which comprise the balance sheets as at March 31, 2012 and 2011, and the statements of operations, statements of changes in net assets for the years then ended and statement of cash flows for the year then ended March 31, 2012 , and a summary of significant accounting policies and other explanatory information expressed in Japanese yen shown in "Ⅱ. Financial Information".

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of eAccess Ltd. as at March 31, 2012 and 2011, and their financial performance for the years then ended and cash flows for the year then ended March 31, 2012 in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit does not include the translation of yen amounts into U.S. dollar amounts.

KPMG AZSA LLC

July 24, 2012
Tokyo, Japan

unaudited information

III. Supplemental Financial Information

May 11, 2012

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
（eAccess Ltd.）

【Profit & Loss】 （¥in millions）

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Revenue	47,605	48,986	52,532	55,619	204,743	250,000
Operating expense	41,116	42,054	46,927	50,204	180,303	224,000
Advertising and sales promotion	15,451	15,119	19,685	21,740	71,994	-
Device and related tools	2,152	2,725	3,085	4,434	12,395	-
Network	6,694	6,692	6,796	6,816	27,285	-
Modem rental	1,145	1,072	1,014	950	4,179	-
Depreciation and amortization	9,244	9,396	9,507	9,542	37,708	-
Outsourcing	2,473	2,740	2,578	2,631	10,421	-
Salaries and benefits	2,183	2,061	2,079	2,071	8,393	-
Others	1,775	2,250	2,184	2,022	7,925	-
Operating profit	6,489	6,932	5,605	5,415	24,441	26,000
Operating margin (%)	13.6%	14.2%	10.7%	9.7%	11.9%	10.4%
Non-operating income	20	178	44	50	293	-
Non-operating expense	3,293	3,165	3,080	3,012	12,549	-
Interest expense	2,623	2,636	2,574	2,516	10,349	-
Commission expense	593	421	437	436	1,887	-
Amortization of bond issuance costs	60	60	60	60	238	-
Others	17	48	9	1	75	-
Recurring profit	3,217	3,945	2,569	2,453	12,184	15,000
Non-recurring profit	4	0	0	0	4	-
Non-recurring loss	53	34	66	65	218	-
Income before income taxes	3,167	3,911	2,503	2,388	11,970	-
Income taxes	2	7	4,073	-7,267	-3,186	-
Income tax expense-current	2	7	6	6	21	0
Income tax expense-deferred	0	0	4,067	-7,273	-3,206	0
Net Income	3,166	3,905	-1,569	9,654	15,156	13,500
EBITDA	15,733	16,413	15,161	15,195	62,504	66,000
EBITDA margin (%)	33.0%	33.5%	28.9%	27.3%	30.5%	26.4%
Capital Expenditures	8,030	6,221	10,682	8,299	33,233	45,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses

【Balance Sheets】 （¥in millions）

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Current assets	111,258	113,986	122,544	122,173	-	-
Cash and deposits	38,131	44,791	45,924	40,066	-	39,000
Other current assets	73,127	69,195	76,619	82,107	-	-
Fixed assets	227,640	223,535	219,957	229,020	-	-
Total Assets	340,196	338,759	343,679	352,312	-	-
Current liabilities	64,845	66,151	79,337	85,109	-	-
Current portion of long-term debt	43,283	43,905	45,230	45,294	-	-
Other current liabilities	21,562	22,246	34,107	39,815	-	-
Long-Term Liabilities	201,020	194,458	188,834	180,832	-	-
Long-term debt	199,409	189,387	183,235	180,546	-	-
Other long-term liabilities	1,611	5,071	5,599	286	-	-
Total Liabilities	265,865	260,609	268,170	265,941	-	-
Shareholders' equity	75,504	78,670	76,362	85,277	-	-
Capital stock and capital surplus	67,753	67,754	67,754	67,754	-	-
Retained earnings	7,751	10,917	8,609	17,524	-	-
Total Net Assets	74,330	78,151	75,509	86,371	-	96,900
Gross Debt	242,406	237,265	232,661	226,349	-	212,000
Bank loans	139,894	137,788	133,932	134,775	-	-
Bonds	69,321	68,792	68,297	58,768	-	-
Convertible bonds	10,851	10,841	10,832	10,822	-	-
Installment obligations	21,676	19,405	19,336	21,789	-	-
Lease obligations	664	438	263	194	-	-
Net Debt	204,275	192,474	186,737	186,282	-	173,000
Net debt/EBITDA ratio	3.15x	2.90x	2.86x	2.98x	-	2.48x
Net debt/net assets ratio	2.75x	2.46x	2.47x	2.16x	-	1.99x

Note: Gross debt and Net debt exclude valuation of bonds attributed to valuation of delivertives

Note: Net debt/EBITDA ratio is calculated by dividing the Net debt by the EBITDA for the last twelve months

Note: Extra-ordinary profit of 3.8 billion yen from CAPEX refund is added back to EBITDA for the purpose of Net Debt/EBITDA calculation unaudited information

【Cash Flows】 （¥in millions）

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end (Forecast)
Net cash provided by (used in) operating activities	**12,458**	**19,899**	**13,538**	**11,147**	**57,042**	**-**
Net cash provided by (used in) investing activities	**-10,260**	**-10,308**	**-7,037**	**-7,209**	**-34,814**	**-**
Net cash provided by (used in) financing activities	**-9,119**	**-5,431**	**-5,367**	**-7,301**	**-27,219**	**-**
Net change in cash and cash equivalents	**-6,921**	**4,160**	**1,134**	**-3,363**	**-4,990**	**-**
Cash and cash equivalents at end of the period	**36,477**	**40,637**	**41,770**	**38,412**	**38,412**	**-**

【Other Indicators】

	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end (Forecast)
Dividend per share (yen)	**200**	**200**	**200**	**200**	**800**	**800**
Average share price during the period (yen)	**37,948**	**30,277**	**18,864**	**18,737**	**-**	**-**
Dividend yield （annual）	**2.1%**	**2.6%**	**4.2%**	**4.3%**	**-**	**-**
Number of shares of common stock at the end of the period	**3,465,165**	**3,465,180**	**3,465,180**	**3,465,180**	**-**	**-**
Average number of shares of common stock during the period	**3,464,227**	**3,464,700**	**3,464,861**	**3,464,940**	**-**	**-**
Earnings per share （EPS）	**900.63**	**2,014.22**	**1,547.99**	**2,772.84**	**4,320.98**	**3,842.98**
Earnings per share-diluted	**865.19**	**1,940.75**	**1,513.67**	**2,657.50**	**4,167.80**	**-**
Price earnings ratio （PER）	**8.23x**	**4.53x**	**4.18x**	**4.22x**	**-**	**-**
Market capitalization	**124,746**	**68,645**	**63,309**	**63,933**	**-**	**-**
Net debt	**204,275**	**192,474**	**186,737**	**186,282**	**-**	**-**
Enterprise value (EV)	**329,021**	**261,119**	**250,045**	**250,215**	**-**	**173,000**
EV / EBITDA ratio	**5.07x**	**3.93x**	**3.83x**	**4.00x**	**-**	**-**
Number of employees	**1,306**	**1,212**	**1,198**	**1,196**	**-**	**-**

Note: PER is calculated by dividing the market capitalization by the full-year net income (forecast)

Note: Market capitalization is calculated by multiplying closing price at the end of the period by the number of shares of common stock at the end of the period

Note: EV/EBITDA ratio is calculated by dividing the EV by the EBITDA for the last twelve months

May 11, 2012

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
(Mobile Business)

【Profit & Loss】 （¥in millions）

Mobile Business	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Revenue	35,548	37,529	41,669	45,323	160,069	215,000
Service revenue	28,286	29,215	31,244	32,555	121,299	-
Device revenue	7,262	8,314	10,424	12,769	38,770	-
Operating expense	33,054	34,375	39,727	43,277	150,432	198,000
Advertising and sales promotion	14,981	14,824	19,414	21,497	70,715	-
Device and related tools	2,083	2,669	3,036	4,383	12,170	-
Network	3,055	3,161	3,365	3,448	13,030	-
Depreciation and amortization	8,014	8,205	8,481	8,623	33,341	-
Outsourcing	1,703	1,954	1,883	1,940	7,480	-
Salaries and benefits	1,770	1,664	1,688	1,668	6,791	-
Others	1,447	1,898	1,860	1,718	6,906	-
Operating profit	2,495	3,154	1,942	2,046	9,637	17,000
Operating margin (%)	7.0%	8.4%	4.7%	4.5%	6.0%	7.9%
EBITDA	10,509	11,445	10,473	10,907	43,333	54,000
EBITDA margin (%)	29.6%	30.5%	25.1%	24.1%	27.1%	25.1%
Capital expenditures	7,842	5,727	9,818	6,275	29,662	41,000

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses

【Operational Information】

Mobile Business	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Gross increase subscribers (thousands)	369	389	393	397	1,548	-
Device upgrades (thousands)	42	59	101	90	292	-
Total (thousands)	411	448	494	487	1,840	-
Net increase subscribers (thousands)	223	238	221	218	899	483
Accumulated total subscribers (thousands)	3,341	3,579	3,800	4,017	4,017	4,500
ARPU（yen/month）	2,860	2,730	2,730	2,680	2,740	2,800
Churn rate (%/month)	1.50%	1.44%	1.54%	1.50%	1.50%	1.60%
SAC (yen)	20,000	23,000	28,000	28,000	25,000	30,000

May 11, 2012

Quarterly Results for Fiscal Year 3/2012
Supplemental Financial Information
(Fixed-line Business)

【Profit & Loss】 (¥in millions)

Fixed-line Business	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Revenue	12,057	11,457	10,863	10,296	44,674	35,000
Operating expense	8,063	7,680	7,201	6,927	29,870	26,000
Advertising and sales promotion	470	296	271	243	1,279	-
Network	3,639	3,531	3,431	3,368	14,255	-
Modem rental	1,145	1,072	1,014	950	4,179	-
Depreciation and amortization	1,231	1,191	1,026	919	4,367	-
Outsourcing	770	786	695	691	2,941	-
Salaries and benefits	413	397	391	403	1,603	-
Others	397	408	373	355	1,245	-
Operating profit	3,994	3,778	3,663	3,369	14,804	9,000
Operating margin (%)	33.1%	33.0%	33.7%	32.7%	33.1%	25.7%
EBITDA	5,225	4,969	4,689	4,288	19,171	12,000
EBITDA margin (%)	43.3%	43.4%	43.2%	41.6%	42.9%	34.3%
Capital expenditures	189	494	864	2,024	3,571	4,000

Note: EBITDA=Operating profit + Depreciation and amortization

【Operational Information】

Fixed-line Business	Fiscal Year 3/2012					Fiscal Year 3/2013
	1Q (4-6/2011)	2Q (7-9/2011)	3Q (10-12/2011)	4Q (1-3/2012)	Full-year/ Year-end	Full-year/ Year-end
Net increase subscribers (thousands)	-89	-95	-83	-96	-363	-360
Accumulated total subscribers (thousands)	1,839	1,744	1,661	1,565	1,565	1,200
ARPU (yen/month)	2,009	2,006	1,998	1,992	2,001	2,000
Churn rate (%/month)	2.04%	2.14%	1.97%	2.32%	2.12%	2.40%
SAC (yen)	7,500	7,000	6,000	7,000	7,000	6,500